

**Report 97**  
**PROJECT ON BUSINESS AND POLITICS IN THE**  
**MUSLIM WORLD**

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This week report dwells much on Yahoo/AP/Reuters News. The report remains a compilation of strategic political, economic, socio-cultural and Geo-strategic issues around North America/Canada, Western Europe, Latin America/Southern Europe, Southeast Europe and Oceania. It obviously begins with a summary of the whole report, a breakdown of easily comprehensible short notes.

Headlines

US/Canada

- Obama urges major new stimulus, jobs spending
- Obama using grab-bag approach to fight recession
- Americans Grow More Pessimistic on Economy, Nation's Direction
- Major makeover of Wall Street rules passes House
- Drug-import backers worry Obama may scuttle plan
- Progress in Senate Democratic health care talks
- AP sources: Dems reach deal to drop gov't-run plan
- Obama, other Dems praise new health compromise
- McChrystal backs Afghan plan to skeptical Congress
- Petraeus reveals boost in US counterterror effort
- Killing bin Laden crucial to defeating al Qaida, McChrystal says
- 5 missing Americans probed for terror links
- AP sources: FBI questions students, eyes charges
- Judge finds Pentagon in contempt in Gitmo case

Western/Southern Europe

- EU says Jerusalem 'future capital of two states'
- EU says Israel aimed to divide bloc over Jerusalem
- Lawyers for Guantanamo prisoner to get documents
- UK rights group accuses Britain on rendition cases
- Faithful are not freaks: Archbishop of Canterbury
- US, Russia face off at World Court over Kosovo
- UK believed Iraqi weapons had been dismantled
- Blair: Iraq war justified even without WMDs
- German minister visits area of Afghan airstrike
- Nobel-winning Obama defends war in call for peace
- German trade surplus boost, inflation climbs
- Swiss unemployment at 5-year high: official data
- First new EU summit shows old indecision
- EU leaders demand more in Copenhagen
- How much EU countries committing to climate fund

- Chinese official calls US negotiator irresponsible
- Spanish gov't to change abortion bill

#### Latin America

- Honduras to let Zelaya leave country for Mexico
- Castro: Obama's accepting of Nobel Prize 'cynical'
- Electoral frustrations threaten Haiti vote
- Chilean right-wing candidate favored for president
- Leftists form Latin America regional movement
- Colombia raps Venezuela over FARC rebel "insult"

#### Southeast Europe

- EU announces launch of Western Balkans Investment Framework

#### Romania

- Romanians vote in presidential run-off
- Romania in turmoil: massive election fraud charged
- Romania's court orders void votes re-examined
- Romania announces final results of presidential run-off

#### Kosovo

- Countries line up to defend, oppose Kosovo at ICJ
- China to oppose Kosovo's independence at ICJ
- ICJ hearings on Kosovo independence end
- KFOR to downsize to 10,000 troops
- 
- Netherlands may unblock Serbia trade deal
- Croatia files war crimes charges against former JNA officers
- Bulgaria's RZS parliamentary group falls apart
- EC experts arrive in BiH to assess visa liberalisation progress

#### Montenegro

- Serbia urges Montenegro to wait for ICJ's decision on Kosovo
- Montenegro to deliver EC questionnaire Wednesday
- Montenegro delivers answers to EC questionnaire
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- OSCE worries about corruption in Albania
- Macedonia's Gruevski urges EU not to forget Balkans

## **Report Summary**

### **USA/Canada**

#### Political Issue

#### Economic Issue

Obama thought the way American economy can scale its way out of the economic recession is to spend more. Obama hopes to spend another \$150 billion economic stimulus which the reluctant House owing to the increasingly federal deficit has finally

passed. The federal financial regulations is said to be remarkable since the New Deal. The new regulation aims to head off any replay of last year's Wall Street failures that plunged the nation deep into recession.

Obama's grab-bag programme is seen as another presidential project, a kind of project employed by American presidents whenever America economy is in crisis. Such was witnessed during economic recession of the 30s, President Roosevelt instituted the Civilian Conservation Corps to the Works Progress Administration to bring back the economy and provide more jobs to Americans.

Joblessness is turning out to be a serious concern for the administration. Obama is coming to realize that most Americans are not comfortable with the economy and the way the country is heading since the past three month, although the economy might be showing sign of recovery, yet consumers' spending remains a gloomy issue and more importantly as Christmas is around the corner, Americans are worried of their spending.

### Social/Humanitarian Issue

Will Obama healthcare programme succeed, yes might be the answer as both the Congress and Senate are making compromises, while the bill is at the threshold of approval. If the health bill finally comes out it will open the opportunity to many uninsured Americans lacking health insurance and will reduce the monopoly and profit making of health insurance companies. The healthcare legislation has been Obama's top domestic priority with hurdles since its initiation. Instead of a full-blown government-run insurance option, Senate democrats were able to settle on a private insurance arrangement to be supervised by the federal agency, hence not totally discarding private health insurance.

Five American apprehended in Pakistan is causing concern for the American intelligence agency and the American Muslim community, the CAIR is particular about their arrest and would want a careful investigation into their case. The five Americans left their homes in the USA chanting the slogan that Muslims must be defended. Such situation might further heighten the situation between the US and Pakistan and will further justify the claim of the latter that foreigners are responsible for the unrest in the country. The incident comes up amid the latest report that a white American is complicit in the Mumbai blast along with his Pakistan associated.

U.S. District Judge Gladys Kessler is demanding a detailed explanation for why the Pentagon failed to follow her directions on the testimony tape of Mohammed Al-Adahi of Yemen. He testified June 23 in a challenge to his indefinite detention at the prison in Cuba. The judge holds the Pentagon for contempt of court for failing to make the videotape testimony accessible to the general public so as to prove Al-Adahi's innocence.

American president Obama got the Nobel Prize for peace yet faces lot of resentments particularly on the Afghanistan troop surge. He defended American presence as a fight to defend the world; he refers to the war as just war. Many across the world said he is not ripe for such prize.

## Food, Environment and Energy Issue

### Geostrategic Issues

Increasing the presence of American troops in Afghanistan continues to make headline and part of an integral debate of America future in the Afghanistan. Some Congressmen are against the surge because it means further taxation of Americans and increase in federal spending. This does not suggest that they are not in favour of winning the war or making American presence in Afghanistan mitigate the level of violence but fund for the surge will definite add more trouble to the drowsy American economy.

However Gen. Stanley McChrystal leading the troops in Afghanistan believes such congressional skepticism is unnecessary, though his recommendation was not entirely fulfilled but he believes Obama decision is worthy. Alluding to capturing bin Laden, McChrystal declined that is not part of his mandate and he can not assure that the new troops surge will help the capturing or killing of the wanted man.

The US military officers finally sold the Obama Afghanistan strategy to the Senate committee on Foreign Affairs. It appears the briefing has somewhat reduce the skepticism of many congressmen over the troop surge. The committee was made to understand that if such surge is played down or not accepted it will boost Taliban and al-Qaeda strength in the region and will hurt Pakistan. The military officer though highlighted that the start will be harder and later easier as was the case in Iraq.

## **Western Europe**

### Political Issue

When the Swedish foreign minister showed support for East Jerusalem as the capital of future Palestinian state, it quickly raised dust in Israel as unacceptable even though Luxembourg's foreign minister Jean Asselborn holds that East Jerusalem is "not part of Israel," and strongly supported the Swedish proposal which was later dropped from the final version due to Israeli lobby. Top European countries shy away from taking side or supporting East Jerusalem to be Palestinian capital though all agreed that Jerusalem should be the capital for both Israel and future Palestinian state. Some Jewish institutions and top Republican on the U.S House of Representatives' foreign affairs committee resented the EU proposal. Meanwhile the Swedish foreign minister warned that Israeli lobby aimed at dividing the EU bloc by seeking support from those seen as non-affirmative on the previous proposal.

John Scarlett, who chaired the committee from 2001 to 2004 before moving to MI6, said before an Iraq war hearing that there was intelligence Iraq has dismantled weapons but could be reassembled. In spite such intelligence Britain along with the U.S still used the pretence of the existence of WMD to attack Iraq and caused unexpected damage to the country.

Ex-PM Tony Blair said there are numerous arguments to justify the invasion of Iraq even if WMD did not exist. His obdurate position expresses the disregard for the Geneva Convention and public opinion as he was aware that most Britons saw the invasion as unworthy, coupled with the lost of British soldiers in the war.

Even though there was hot reaction to the Nobel Prize given to President Obama, the American president used the occasion to exhibit the inherent hawkish trait in American presidents that war is a necessity, where some will kill and others killed. According to Obama, a just war is needed to deter the existence of evil in the world. In addition, Obama holds some people are not convincible to change their cause through diplomatic channel, therefore leaving war as the only efficacious medium to do the job

#### Economic Issue

The German trade surplus, a pillar of the Eurozone economy, climbed to 13.6 billion euros (20 billion dollars) in October. In September, the biggest European economy and one of the world's leading exporters had posted a surplus of 10.4 billion euros. German exports gained 2.5 percent from September to 74.6 billion euros, the Destatis service said. Germany, one of the world's leading exporters

Unemployment in Switzerland soared to a five-year high of 4.2 percent in November, official data showed. The number of people registered as jobless reached 163,950, up 5,812 from October, when the unemployment rate was at 4.0 percent. November's jobless rate was at a level last recorded in February 2004. The proportion of unemployed people was highest among foreigners, with an unemployment rate of 8.1 percent in November. Comparatively, Swiss nationals posted a jobless rate of 3.0 percent.

The extent to which the economy was devastated compelled Greek Prime Minister George Papandreou to the assertion that financial trauma is a challenge to the nation's sovereignty and by the way a reminiscence of the economic woes of the 70s

#### Social/Humanitarian Issue

After much trouble, Judge Jeremy Sullivan ruled in favour of Shaker Aamer to see documents that will help explain how he was tortured. Shaker Aamer, a British resident born in Saudi Arabia and suspected by the American government of having links to al-Qaida terrorist network questions the legality of his imprisonment in Cuba. Such ruling came to surface amid the recent decision by the British court that a suspect has the right to know what he was arrested for and why he was tortured.

A legal rights group said the British government misled parliament about two terrorism suspects who were subjected to rendition. Clive Stafford Smith, director of the London-based rights group Reprieve, said the government must reveal what it knows about the cases of two men captured by British soldiers in Iraq in 2004 and turned over to American forces, who flew them to Afghanistan, where they remain incarcerated. Reprieve is bringing legal action against Britain to force it to reveal more about the cases,

which first came to light in February when John Hutton, Britain's defense secretary at the time, told parliament the two suspects were members of a banned Pakistani extremist group known as Lashkar-e-Taiba. Hutton's statement came after British officials had denied for years that they were involved in cases of "extraordinary rendition"

Archbishop of Canterbury Rowan Williams, rejected government claims that religion or being faithful is for the freak and minorities. He accused the government of particularly concerned about the Muslims minorities while the Christians are left without criticism. Dr. Rowan Williams is one of the religious figures in Europe with a broad mind for pluralism.

The Spanish parliament is mulling over replacing abortion legislation which will make teen lady around age 16-17 inform parent and guardian before going for abortion. The socialist party is trying to hold back the legislation, though having the legislation will suit the conservative in the parliament.

#### Food, Environment and Energy Issue

The EU leaders although have stated that they are ready to pay for the reduction in gases that pollute the climate, yet they are asking other polluters to reduce their gas emission, with particular reference to the US and China. The proceeding at the Copenhagen summit has not be forthcoming for developing countries, persistently demanding more and trying to let the developed world see the logic in why climate change is more devastating to them.

European Union leaders agreed at a summit Friday to come up with \$3.6 billion a year through 2012, or a total of \$10.8 billion over three years, to help pay developing nations to cut emissions and adapt to climate change. Here are some of the pledges made by the 27 EU members until a new climate pact being negotiated in Copenhagen comes into effect in 2013:

Britain: \$1.95 billion  
France: \$1.85 billion  
Italy: \$885 million  
Netherlands: \$442 million  
Belgium: \$221 million  
Poland: \$88 million  
Slovenia: \$12 million

Germany: \$1.85 billion  
Sweden: \$1.2 billion  
Spain: \$548 million  
Denmark: \$235 million  
Finland: \$147 million  
Czech Republic: \$18 million  
Estonia: \$4.4 million

As the climate summit draws to a close, Chinese and U.S negotiators exchanged hot comments. The U.S negotiator said his country's climate fund will never go to China because the latter is the 2<sup>nd</sup> greenhouse polluter, such statement triggered the ire of the Chinese saying such is irresponsible statement. He said China has been doing it best towards climate change and expects no U.S fund, rather wants the U.S to be responsible in reducing gas emission. China is seen as 2<sup>nd</sup> polluter thereby allying with the third

world countries, mostly affected by global warming is uncalled for. The third world countries want climate fund and responsibility from the polluters in the developed world.

### Geostrategic Issues

The international court of justice is still working on the legality of Kosovo's independence. The legality debate has brought both the U.S and Russia to face-off. The former believes disturbing Kosovo independence will bring a repeat of the Balkan crisis and the latter holds whatever the recognition given to Kosovo, Serbia still holds authority over it as an integral part.

After a series of debate on the complicity of German troops in innocent killing of Afghans that result to the firing of German top military officer, the German Defence minister is in Afghanistan to check the site of the attack.

### **Latin America**

#### Political Issue

Ousted Honduras president Manuel Zelaya said he will not accept any form of political asylum rather he should be allowed to continue with his political activity outside the country while his office and status as the president should be respected. Zelaya might be moving into Mexico or Dominica as understanding between Honduras and these countries are in the pipeline.

Cuban ex-President Fidel Castro joined the bulk of people across the world criticizing the Nobel prize for peace awarded to President Obama as hypocritical. Obama is prized for his effort on diplomacy and peace while surging troops in Afghanistan. It must however be noted that the prize has been designated even before the final resolution to increase the presence of American soldiers in Afghanistan.

Hundreds of Leftists and communists gathered in Venezuela trying to form a regional movement for their leaning. It is quite clear why Venezuela was chosen for the meeting. The movement aims to do a renaissance of leftist and communist ideology in the region and by throwing their support for all those against the American empire. During the gathering the statement of FARC, revolutionary leader was read, an incident that irked the Colombian government, sees it as affront to democracy and would want Venezuela to clear itself if at all it support terrorist group.

Haitians are yet again to witness another political tussle between the parliament and executive. Opposition in the parliament has threatened to boycott coming election. According to the opposition, the election will boost the power of the president and will allow the latter to fill the parliament with loyalists that will facilitate constitutional amendment geared at extending presidential tenure. The election commission is believed to be complicit in the whole plot.

Since the restoration of democracy 19 years ago, Chile like many others in the region has been under socialist government. But the country prepares for a new election by weekend, polls shows that Sebastian Pinera, a billionaire with investments in Chile's main airline, most popular football team and a leading TV channel is likely to unseat the left for the right.

Economic Issue

Social/Humanitarian Issue

Food, Environment and Energy Issue

Geostrategic Issues

### **Southeast Europe**

Political Issue

Romania and Bulgaria might have struggled to be part of the EU but the political and economic situation in these countries does not suggest a total change in the socio-political and economic system as expected by the EU. Romania is faced with serious economic and political situation in recent times which stains the country's image. Massive irregularities were reported in recent presidential election, the Socialist party believed it was robbed. The Supreme Court has asked for re-examination though that might not come down to another election because an annulment will hurt Romania politics as an EU member.

All countries have presented their arguments to the ICJ and remain at loggerhead in The Hague over the unilateral independence of Kosovo. Some countries still maintain Kosovo's independence should not be allowed to be precedent, as it violates international law. Many other countries along with three UNSC members (U.S, France and Britain) say no international law is violated, a view not shared by Russia and China. In the same spirit, Serbia has asked Montenegro to cease from establishing diplomatic ties with Kosovo not until ICJ releases its ruling on Kosovo.

Montenegro is done with the questionnaires hope to facilitate its EU candidacy and by next year and hoping to launch accession talks by 2011. Montenegro also recently obtained visa-free travel to EU countries and a NATO Membership Action Plan.

Economic Issue

The transitional democracies in the Balkan are understood not to be potentially strong to develop without the investment of the EU. The economic and democratic growth of the region depends on the incentive of EU. Four lenders, the European Commission, the European Investment Bank, the European Bank for Reconstruction and



Development and the Council of Europe Development Bank are ready to steer the region with 26m euros as grants for 26 projects.

Social/Humanitarian Issue

Food, Environment and Energy Issue

Geostrategic Issues

Kosovo is said to be improving in its policing and that informs why the NATO's Supreme Allied Commander Europe Admiral James Stavridis believes KFOR troops in Pristina will be reduced from about 14,000 to 10,000 by the end of January.

## **Oceania**

Political Issue

Economic Issue

Social/Humanitarian Issue

Food, Environment and Energy Issue

Geostrategic Issues

## **Report Details**

US/Canada

WASHINGTON – President Barack Obama called for a major new burst of federal spending Tuesday, perhaps \$150 billion or more, aiming to jolt the wobbly economy into a stronger recovery and reduce painfully persistent double-digit unemployment. Despite Republican criticism concerning record federal deficits, Obama said the U.S. has had to "spend our way out of this recession" with so many people out of work but insisted he was still mindful of a need to confront soaring deficits. More than 7 million Americans have lost their jobs since the recession began two years ago, and the jobless rate stands at 10 percent, statistics Obama called "staggering." Congressional approval would be required for the new spending. "We avoided the depression many feared," Obama said in a speech at the Brookings Institution, a Washington think tank. But he added, "Our work is far from done." It was the third time in a week the president had presided over a high-profile event on jobs, responding to rising pleas in Congress that he spend more time discussing unemployment as midterm election season draws near.

Obama proposed new spending for highway and bridge construction, for small business tax cuts and for retrofitting millions of homes to make them more energy-efficient. He said he wanted to extend economic stimulus programs to keep unemployment insurance from expiring for millions of out-of-work Americans and to help laid-off workers keep their health insurance. He proposed an additional \$250 apiece

in stimulus spending for seniors and veterans and aid to state and local governments to discourage them from laying off teachers, police officers and firefighters. He did not give a price tag for the new package but said he would work with Congress on deciding how to pay for it. On Capitol Hill, estimates of a potential jobs bill range from \$75 billion to \$150 billion, said Rep. Steny Hoyer of Maryland, the No. 2 Democrat in the House. "100 billion, 150 billion, 75 billion — those are all figures that are being talked about," Hoyer told reporters. Those billions would be on top of money for separate legislation for safety-net initiatives such as extending unemployment benefits for the long-term jobless and providing them health insurance subsidies. Some lawmakers put the total cost of the new proposals at \$200 billion or more.

WASHINGTON – Franklin Roosevelt, confronted with the worst economic crisis in the nation's history, wrote the book on government jobs programs. Since FDR, presidents have been less ambitious because the economic challenges they faced were less severe. President Barack Obama, battling the worst downturn since FDR's time, has put together a grab-bag program that borrows a little from Roosevelt but much more closely resembles the approach taken by recent presidents of both parties, who have leaned heavily on tax cuts to spur job creation. Obama's New Deal-lite approach represents a compromise between putting more resources into getting the country out of a recession and the limitations he faces with budget deficits that have already soared past the \$1 trillion mark, raising concerns among the foreign investors who buy America's debt. Given those soaring deficits, Obama is not trying to push jobs programs of the scale that FDR used to fight the 1930s Depression, when he created an alphabet-soup collection of government agencies to put people back to work, from the Civilian Conservation Corps to the Works Progress Administration.

Instead, Obama is emphasizing further increases in infrastructure spending beyond what is already in the pipeline from the \$787 billion economic stimulus bill. Taking a page from past Republican and Democratic administrations, Obama also is proposing tax credits targeted to small businesses to help them hire new workers and give them a tax break for buying new equipment to expand and modernize their operations. He also is proposing extending a number of programs already included in his February stimulus measure, including extra support to state and local governments to keep them from having to lay off workers. "Obama is trying an eclectic approach to jump-starting employment growth and that is not surprising given that the labor market today is the worst it has been since the Great Depression," said Mark Zandi, chief economist at Moody's Economy.com. Obama's efforts are sizable compared with the stimulus measures offered by recent administrations — also not surprising, given that the recession that began in December 2007 is the longest and deepest since the 1930s.

President George W. Bush offered immediate tax rebates when he was trying to get the country out of the brief and mild downturn that hit during his first year in office.

Like Obama, Ronald Reagan also faced unemployment above 10 percent during his first term, but his answer to the 1981-82 recession was to emphasize a major tax cut that reduced the top tax rates. Reagan's jobs program was a sizable military buildup that increased troop strength and bolstered employment among defense contractors.

Presidents Jimmy Carter and Gerald Ford also battled serious recessions in the 1970s, but their government stimulus efforts had to take into account soaring inflation

from a series of oil shocks that gave the country a new economic worry: stagflation, a toxic mix of inflation and economic stagnation

Dec. 9 (Bloomberg) -- Americans have grown gloomier about both the economy and the nation's direction over the past three months even as the U.S. shows signs of moving from recession to recovery. Almost half the people now feel less financially secure than when President Barack Obama took office in January, a Bloomberg National Poll shows. Those concerns have put consumers in a miserly mood as they head to the mall for holiday shopping, with half the country planning to spend less on gifts than last year and few buyers willing to run up credit-card debt for Christmas.

"The recession may be over, but the administration seems to be losing the battle when it comes to winning the hearts and minds of Americans," says Chris Rupkey, chief financial economist for Bank of Tokyo-Mitsubishi UFJ Ltd. in New York. "This is important because the spending of consumers is the main factor that will turn the economic recovery into a self-sustaining one." Obama yesterday addressed anxiety over the economy with a speech proposing new spending on the nation's transportation system, tax credits to spur hiring by small businesses and incentives to make homes more energy efficient. Unemployment in November stood at 10 percent, a drop from 10.2 percent in October yet still the second month in a row the figure stood in double digits.

No. 1 Concern

The economy is the country's top concern, with persistently high unemployment the greatest threat the public sees. Eight of 10 Americans rate joblessness a high risk to the economy in the next two years, outranking the federal budget deficit, which is cited by 7 of 10. An increase in taxes is named as a high risk by almost 6 of 10.

Fewer than 1 in 3 Americans think the economy will improve in the next six months. They are pessimistic that the government will succeed in reducing unemployment or lowering the budget deficit. A year into Obama's presidency, only 32 percent of poll respondents believe the country is headed in the right direction, down from 40 percent who said so in September. The mood among members of Obama's own Democratic Party has shifted most dramatically: While Democrats remain the most positive, the proportion saying the country is on the right track dropped to 58 percent from 71 percent in September. Among independents, 26 percent say the country is on the right track, down from 29 percent in September.

WASHINGTON – The House passed the most ambitious restructuring of federal financial regulations since the New Deal on Friday, aiming to head off any replay of last year's Wall Street failures that plunged the nation deep into recession.

The sprawling legislation would give the government new powers to break up companies that threaten the economy, create a new agency to oversee consumer banking transactions and shine a light into shadow financial markets that have escaped the oversight of regulators. The vote was a party-line 223-202. No Republicans voted for the bill; 27 Democrats voted against it. While a victory for the administration, the legislation dilutes some of President Barack Obama's recommendations, carving out exceptions to some of its toughest provisions. The burden now shifts to the Senate, which is not expected to act on its version of a regulatory overhaul until early next year. The president praised the House action Friday, and called on Congress to act swiftly to get the bill to the White

House for his signature. "The crisis from which we are still recovering was born not only of failure on Wall Street, but also in Washington," Obama said. "We have a responsibility to learn from it and to put in place reforms that will promote sound investment, encourage real competition and innovation and prevent such a crisis from ever happening again." The legislation would govern the simplest payday loan and the most complicated high-finance trades. In its breadth, the measure seeks to impose restrictions on every house of finance, from two-teller neighborhood thrifts to huge interconnected conglomerates. Democratic leaders had to fend off a last-minute attempt to kill a proposed consumer agency, a central element of the legislation and one the features pushed by the White House. The agency would take over consumer protection powers from current banking regulators, and big banks and the U.S. Chamber of Commerce vigorously opposed the idea. Democrats said the broad legislation would help address problems that led to last year's calamitous financial crisis. Republicans argued that it overreached and would institutionalize bailouts for the financial industry.

WASHINGTON – A long-running effort to allow the import of lower-cost prescription drugs faces a new twist — President Barack Obama's administration is raising safety concerns that could effectively scuttle it, even though Obama backed the plan as a senator. Some import supporters question whether the administration is acting to keep the powerful pharmaceutical industry's support for Obama's effort to overhaul the nation's health care system. An administration official denied that. The Senate planned Wednesday to debate the import proposal by Sen. Byron Dorgan, D-N.D., as an amendment to Obama's health overhaul legislation. Even before Dorgan introduced it Tuesday evening, the Food and Drug administration sent senators a letter saying the plan would be "logistically challenging" to implement and raises "significant safety concerns." Dorgan said he was surprised by the letter because Obama co-sponsored Dorgan's proposal in 2007 as a freshman Democratic senator from Illinois. In addition, Dorgan noted, White House Chief of Staff Rahm Emanuel sponsored his own version of the bill that same year as a Democratic House member from Illinois. "I'm going to go home kind of upset about this letter today from the FDA, which is in my judgment completely bogus," Dorgan said.

During his 2008 presidential campaign, Obama said he supported letting Americans buy imported drugs if they were safe and cheaper than in the U.S. The FDA letter restated that support. As evidence of Obama's continued backing, Linda Douglass, spokeswoman for the White House Office of Health Reform, cited \$5 million he proposed in his 2010 budget for the FDA to develop import policies. She said the agency will continue working on ways "to create a pathway to importing safe and effective drugs." Dorgan's amendment is co-sponsored by Sen. John McCain, R-Ariz., and has some bipartisan support. Even so, it is opposed by lawmakers of both parties from states such as New Jersey that have a heavy drug industry presence, and some participants on both sides concede it will be difficult for Dorgan to win the 60 votes he needs. Should the plan pass, it could threaten the pharmaceutical industry's support for Obama's health overhaul. Drug companies have been a valuable ally for the overhaul, spending tens of millions of dollars on TV ads backing the legislation. They oppose the drug import proposal.

WASHINGTON – After agreeing tentatively to jettison a key liberal priority — a full-blown government-run insurance option — Democrats say they are getting close to pushing President Barack Obama's health care bill through the Senate.

"We've overcome a real problem that we had," Majority Leader Harry Reid, D-Nev., said in announcing what he called a "broad agreement" Tuesday night. Officials said it included nonprofit national health plans administered by the Office of Personnel Management, which runs the popular federal employees' health plan, as well as opening Medicare to uninsured Americans beginning at age 55, effective in 2011.

Greater government involvement would potentially kick in if private insurance companies declined to participate in the nationwide plan, although details weren't available. One possibility was for the personnel office to set up a government-run plan, either national in scope or on a state-by-state basis. "I think when people see this they'll really like what we've done," said Sen. Mark Pryor, D-Ark., who was among five moderate senators who spent several days negotiating with five liberals. Reid planned to describe the plan in greater detail after getting an analysis from the Congressional Budget Office. The White House weighed in quickly with a statement from spokesman Reid Cherlin. "Senators are making great progress and we're pleased that they're working together to find common ground toward options that increase choice and competition," he said. The Senate is in its second week of debate on the 10-year, nearly \$1 trillion legislation that would dramatically remake the U.S. health care system and extend coverage to millions of the uninsured, with a new requirement for nearly everyone to purchase insurance. New purchasing marketplaces called exchanges would make it easier for small businesses and people without government or employer coverage to shop for health insurance, and onerous insurance company practices such as denying coverage to people with pre-existing medical conditions would be banned.

WASHINGTON – After days of secret talks, Senate Democrats tentatively agreed Tuesday night to drop a full-blown government-run insurance option from sweeping health care legislation, several officials said, a concession to party moderates whose votes are critical to passage of President Barack Obama's top domestic priority.

In its place, officials said Democrats had tentatively settled on a private insurance arrangement to be supervised by the federal agency that oversees the system through which lawmakers purchase coverage, with the possibility of greater government involvement if needed to ensure consumers of sufficient choices in coverage.

Additionally, the emerging agreement calls for Medicare to be opened to uninsured Americans beginning at age 55, a significant expansion of the large government health care program that currently serves the 65-and-over population. At a hastily called evening news conference in the Capitol, Majority Leader Harry Reid, D-Nev., declined to provide details of what he described as a "broad agreement" between liberals and moderates on an issue that has plagued Democrats' efforts to pass health care legislation from the outset.

With it, he added with a smile, the end is in sight for passage of the legislation that Congress has labored over for months. The officials who described the details of the closed-door negotiations did so on condition of anonymity, saying they were not authorized to discuss them publicly. Several officials stressed that so far, Democrats had technically agreed only on submitting proposals to the Congressional Budget Office for their impact on the bill's cost and other analysis.

At its core, the legislation would expand health care to millions who lack it, ban insurance companies from denying coverage on the basis of pre-existing medical conditions and rein in the rise of health care spending nationally. The developments followed a vote on the Senate floor earlier in the day in which abortion opponents failed to inject tougher restrictions into sweeping health care bill, and Democratic leaders labored to make sure fallout from the issue didn't hamper the drive to enact legislation. The vote was 54-45. Taken together, the day's developments underscored the complexity that confronts the administration and Reid as they seek the 60 votes needed to overcome Republican opposition and pass a bill by Christmas. Despite their reluctance, some senators had talked openly and in detail earlier in the day about the progress of the negotiations.

WASHINGTON – President Barack Obama as well as Democratic liberals and moderates all found something to like Wednesday in an emerging compromise to expand the role of government in the nation's health care system, raising hopes inside the party that passage of overhaul legislation might be within reach after a struggle lasting decades. The same plan drew critics, though — and the threat of more opponents once closely held details become widely known. Obama hailed "a creative new framework that I believe will help pave the way for final passage of legislation and a historic achievement for the American people." He said, "I support this effort, especially since it's aimed at increasing choice and competition and lowering cost." A provision opening Medicare to uninsured Americans between the ages of 55 and 64 drew praise from some liberals.

Rep. Anthony Weiner, D-N.Y., called it "an unvarnished, complete victory for people like me who have been arguing for a single-payer system." Howard Dean, the former party chairman and an advocate of a government-run insurance option, told CBS, "Using Medicare makes more sense than reinventing more bureaucracy." The idea of a full-blown government-run insurance option, heatedly debated for months, would be jettisoned under the tentative agreement reached by Senate Democratic liberals and moderates and announced Tuesday night. In its place would be the expansion of Medicare, as well as new nationwide private plans to be run by the same agency that oversees the system that lawmakers use for themselves and their families.

Majority Leader Harry Reid, D-Nev., described the agreement as a significant step in the struggle to round up the votes needed to pass the broader overhaul legislation. The House has already passed its version, and Democrats are driving for a Senate vote before Christmas. That would leave only a final compromise between the houses before legislation could go to Obama for his signature. Congress has spent months trying to deliver a bill to the White House that would expand coverage to millions who now lack it, ban insurance companies from denying coverage on the basis of pre-existing medical conditions and generally reduce the skyrocketing growth of medical spending nationwide.

WASHINGTON – Questioned by skeptical lawmakers, the U.S. general running the war in Afghanistan said Tuesday he did not get as many troops as he wanted and must work under a schedule he did not recommend, but he insisted the Obama administration's revamped strategy is the best way to win. Comments by Afghanistan's president and the U.S. defense secretary suggested a long, slow effort. As Gen. Stanley McChrystal

defended President Barack Obama's new surge-and-exit strategy in Washington, the U.S. challenge was underscored in Kabul. Afghanistan President Hamid Karzai said — with Defense Secretary Robert Gates standing at his side — that it probably will be five years before Afghan forces can take the lead in the fight against Taliban insurgents. And Karzai predicted it would be at least 15 years before his government could pay for its own forces. On Capitol Hill, Gen. McChrystal declared under questioning by congressional committees, "I'm comfortable with the entire plan." But in lengthy sessions before Senate and House panels, the four-star general cautioned against expectations of immediate results and said the strategy must show progress within 18 months, Obama's deadline for beginning to bring U.S. troops home. "The sober fact is that there are no silver bullets," McChrystal said. "Ultimate success will be the cumulative effect of sustained pressure."

Karzai's comments, following a meeting with Gates, added more uncertainty to the planned exit of American troops. And they lowered expectations of any quick progress by shrunken Afghan security forces, which have long been expected to be equal partners with U.S. forces and troops from 42 other countries stationed in Afghanistan. In announcing last week his decision to order 30,000 more U.S. troops to Afghanistan, Obama said they would begin coming home in July 2011. But Gates, in remarks to reporters in Kabul, reiterated that the administration expects the U.S. withdrawal to be "a several-year process — whether it's three years or two years or four years remains to be seen." Karzai's repetition Tuesday of his earlier warnings of a five-year buildup of the Afghan army and police make it likely that the American pullout could be a slow-motion drawdown that could extend through 2014. And he said his country will need international help to build homegrown security forces well beyond that date. Administration officials have said the length and speed of the withdrawal will depend on the results of the military campaign against the Taliban, as well as the success of efforts to build up Afghan forces and strengthen the Kabul government.

WASHINGTON – The rapid U.S. build up in the Afghan war will include more terrorist-hunting forces to chase down militants deemed too extreme to change sides, a top U.S. general revealed on Wednesday. "There's no question you've got to kill or capture those bad guys that are not reconcilable," Gen. David Petraeus, the chief of U.S. Central Command, told the Senate Foreign Relations Committee. "And we are intending to do that." In his first congressional testimony on President Barack Obama's announced plan to send another 30,000 troops to Afghanistan, Petraeus also cautioned that progress against probably will be slower than during the build up of U.S. forces in Iraq two years ago, and the war will be "harder before it gets easier." Petraeus said that in addition to an effort to "reintegrate" Taliban and other insurgents into mainstream Afghan society, there will be a harder push to eliminate the most hardcore extremists. "In fact, we actually will be increasing our counterterrorist component of the overall strategy," Petraeus said. He provided no details beyond saying that additional "national mission force elements" would be sent to Afghanistan next spring.

Petraeus appeared to be referring to classified units such as the Army's Delta Force that specialize in counterterrorism and that have been used extensively in both Iraq and Afghanistan. Gen. Stanley McChrystal, who now oversees the Afghan war and is scheduled to testify Thursday before a House committee, previously headed up those units inside Iraq and Afghanistan. In an interview with PBS's Charlie Rose on

Wednesday, McChrystal cited a formula for success in the counterterrorism effort he led in Iraq, saying the point is to eliminate the middle levels of terrorist networks like al-Qaida rather than focusing on killing only the most senior leaders. "You cause the network to collapse on itself," McChrystal said. "And that's what I saw happen in Iraq, and that's one of the things we're working on in Afghanistan." He did not mention sending more counterterrorism forces to Afghanistan. Much of Wednesday's Senate hearing focused on the link between instability in Afghanistan and the presence of Taliban, al-Qaida and other extremist groups in neighboring Pakistan. Sen. Richard Lugar of Indiana, the ranking Republican on the committee, said he's confident allied forces will improve security in Afghanistan, but that the biggest question is whether that will help root out Taliban and al-Qaida havens across the border in Pakistan. "The president has said that the United States did not choose this war, and he is correct," he said. "But with these troop deployments to Afghanistan, we are choosing the battlefield where we will concentrate most of our available military resources." "The risk is that we will expend tens of billions of dollars fighting in a strategically less important Afghanistan, while Taliban and al-Qaida leaders become increasingly secure in Pakistan," Lugar said. Committee Chairman John Kerry agreed. "Pakistan is in many ways the core of our challenge," said the Massachusetts Democrat. He praised Pakistan's military for taking on Pakistani insurgents in offensives of recent months. "Now we are looking for Pakistan to also take on the Afghan Taliban," al-Qaida and other insurgents in their territory, Kerry added.

WASHINGTON — Days after his boss said that there was no new intelligence on the whereabouts of al Qaida leader Osama bin Laden, the top U.S. commander in Afghanistan told Congress Tuesday that killing or capturing bin Laden is critical to defeating the terrorist organization. Army Gen. Stanley McChrystal, the top Afghanistan commander, said, however, that he could not promise that his new military strategy would lead to bin Laden's capture because when the al Qaida leader moves outside of Afghanistan, chasing after him "is outside my mandate." McChrystal's comments underscored a key contradiction in President Barack Obama's new Afghanistan strategy: While it dedicates thousands of additional troops to combating the Taliban in Afghanistan, it adds few resources aimed at the policy's stated goal: "disrupting, dismantling and defeating" al Qaida. "I believe he is an iconic figure at this point whose survival emboldens al Qaida as a franchise organization across the world," McChrystal told the Senate Armed Services committee. "I don't think we can defeat him until he is captured or killed." In the last week top administration officials have offered conflicting statements about what the United States knows about bin Laden's whereabouts. While McChrystal suggested Tuesday that bin Laden is in neighboring Pakistan, retired Marine Gen. Jim Jones, Obama's national security advisor, said Sunday that bin Laden sometimes crosses the Afghan-Pakistan border. And over the weekend, Secretary of Defense Robert Gates told ABC's "This Week" that the United States had not had strong intelligence on bin Laden's whereabouts for years.

WASHINGTON – Five young American Muslims captured in Pakistan are under investigation for possible links to terrorism after their families found a disturbing farewell video the missing men left behind showing scenes of war and casualties and saying



Muslims must be defended. Frantic relatives and worried FBI agents have been searching for the five men for more than a week, since their disappearance in late November. The missing men, ranging in age from 19 to 25, have family roots in the northern Virginia and Washington, D.C., area. One, Ramy Zamzam, is a dental student at Howard University. Two U.S. officials, speaking on condition of anonymity because they were not authorized to discuss the case, said the five are believed to be under arrest in Pakistan. In the eastern Pakistan city of Sargodha on Thursday, police officials said Pakistani intelligence agents were interrogating the five Americans. They said the men were cooperating after first giving conflicting statements. The officials, speaking on condition of anonymity because of the sensitivity of the subject, said the five men had been staying at a house in Sargodha believed to be used by the Jaish-e-Mohammed militant group. Jaish has alleged links to al-Qaida and has traditionally focused on targets in India. Investigators seized a laptop computer and extremist literature from the house, the officials said. On the heels of charges against a Chicago man accused of plotting international terrorism, the case is another worrisome sign that Americans can be recruited within the United States to enlist in terrorist networks. Leaders of an Islamic American group said the families of the five men asked the FBI for help and were particularly disturbed to see the video message. "One person appeared in that video and they made references to the ongoing conflict in the world, and that young Muslims have to do something," said Nihad Awad, of the Council on American-Islamic Relations, or CAIR. "The video's about 11 minutes and it's like a farewell. And they did not specify what they would be doing. But just hearing and seeing videos similar on the Internet, it just made me uncomfortable," Awad said. The video has not been made public. Before the men left, they did not seem to have become militant, a local imam said. "From all of our interviews, there was no sign they were outwardly radicalized," said Imam Johari Abdul-Malik. One of Zamzam's younger brothers, interviewed at the family's Alexandria, Va., apartment, said Zamzam has a 4.0 grade-point average and is "a good guy."

WASHINGTON – FBI agents have questioned some of the young Americans arrested in Pakistan as U.S. investigators gather evidence that could lead to a conspiracy charge against them, an American official and another person familiar with the case said Friday. Agents are working to see if there is enough evidence to charge any of the five Muslim students with conspiracy to provide material support to a terrorist organization, the two people said. They spoke on condition of anonymity because they were not authorized to discuss the investigation. Officials in both countries expect the five, who are from the Washington, D.C., area, to be deported back home. But Pakistan may hold them long enough for U.S. prosecutors to prepare charges, and there was no immediate indication how long that might take. Intelligence officials in Pakistan said Saturday the five have been taken to a facility for terror suspects in the eastern city of Lahore, a major base for Pakistani military and intelligence where they face further questioning.

A police official in the Pakistani town of Sargodha, Tahir Gujar, confirmed Saturday the men were no longer there. Two intelligence officials said they were taken to Lahore. They spoke on condition of anonymity because they were not authorized to speak to media. While Pakistani officials have said the men admitted trying to connect with militant groups, an FBI note sent to American lawmakers Thursday evening said the bureau had "no information linking them to terrorist organizations." That FBI note did

not address whether the students attempted to join some terrorist group. The other possible charge — and one that could be more difficult to bring — would be conspiracy to maim or kill people overseas. "If they had reached an agreement amongst themselves and were pursuing an opportunity to train or fight with what they knew to be a foreign terrorist organization, then that would be a crime," said Pat Rowan, the former head of the Justice Department's national security division. Making that case would depend greatly on what the men say to FBI agents — and whether any evidence or incriminating statements gathered by Pakistani police would meet U.S. legal standards. "Where one needs to be at least a little skeptical is that that will translate into the sort of evidence that can be used in an American courtroom," said Rowan.

WASHINGTON – A federal judge on Thursday ruled the Defense Department in contempt of court for failing to videotape the testimony of a Guantanamo Bay detainee so that the public and the news media could see it. U.S. District Judge Gladys Kessler is demanding a detailed explanation of why the Pentagon failed to follow her directions and tape the testimony of Mohammed Al-Adahi of Yemen. He testified June 23 in a challenge to his indefinite detention at the prison in Cuba. In court papers, the government said the Defense Department inadvertently failed to tell the command at Guantanamo Bay to videotape the proceedings. In August, Kessler ordered the government to "take all necessary and appropriate diplomatic steps" to facilitate Al-Adahi's release. The government is appealing Kessler's decision.

The judge said she wanted the testimony videotaped so as much of it as possible could be provided to the public and the news media. Al-Adahi testified that he attended al-Qaida's Al Farouq training camp for seven to 10 days out of curiosity and was expelled for disobeying rules. Al-Adahi readily acknowledged having met Osama bin Laden on two occasions and admitted that perhaps his relatives were bodyguards and enthusiastic followers of bin Laden, the judge wrote in her ruling in August. The judge said, however, that "sensational and compelling as it may appear," that does not constitute reliable evidence to justify the government detaining Al-Adahi, who has been held at Guantanamo Bay since 2002.

## **Western Europe**

BRUSSELS (AFP) – EU nations agreed on Tuesday that Jerusalem should be the capital of both Israel and a future Palestinian state, assuaging Israeli anger over earlier mention of east Jerusalem as the Palestinian capital. Jerusalem should provide "the future capital of the two states," as part of a negotiated settlement, European Union foreign ministers agreed in a text released after talks in Brussels. However an earlier proposal by the Swedish EU presidency, to explicitly support the idea of east Jerusalem as the capital of a future Palestinian state, was dropped by the foreign ministers. The European drafters' work achieved the significant feat of being welcomed on both sides of the Middle East divide. "In view of the extreme draft submitted by the Swedish presidency at the start of the talks, we can only welcome the fact that at the end of the process the voice of the responsible and balanced states prevailed and helped balance and improve the text," Israel's foreign ministry said. The Palestinians also welcomed the statement, but expressed regret that the Swedish text was dropped by the foreign ministers. "This is a

positive step even though we hoped for something stronger and clearer," said Nimr Hamad, a senior advisor to president Mahmud Abbas. "But we recognise the heavy pressure exercised by Israel and other sides, including European countries, in order to modify the text," he told AFP. Swedish Foreign Minister Carl Bildt defended the compromise text, saying the controversy over the original version "has demonstrated that our voice carries much greater weight than we were perhaps aware of." The EU text did still mention a "contiguous" as well as viable Palestinian state, something which would require the inclusion of part of Jerusalem.

It also states that the European Union "has never recognised the annexation of East Jerusalem." The issue had been subject to intense discussion among the European ministers, with some nations wanting to keep the mention of east Jerusalem in the text and others reluctant to be seen as prejudging the result of any eventual Middle East peace deal. Luxembourg's foreign minister Jean Asselborn was one of the ministers most supportive of the original Swedish proposal. East Jerusalem is "not part of Israel," he said. Others EU nations, notably Germany, Italy and the Czech republic, were reluctant to be seen to be imposing a settlement on Israel and the Palestinians. "To decide here in Brussels what the future status of Jerusalem should be would be very frustrating for the negotiators," said Italian Foreign Minister Franco Frattini. Jerusalem Mayor Nir Barkat wrote an open letter to new EU foreign policy chief Catherine Ashton warning of the possible consequences of splitting up the city which Israelis view as the indivisible and eternal capital of the Jewish state. "Throughout the history of the world, there is not one important city that was divided that functioned successfully. They either reunited or ceased to function properly. The lesson is too clear. Jerusalem must stay united," he argued. The EU initiative also raised some hackles in the United States. EU members should join "responsible nations" in opposing any plan to recognise Arab east Jerusalem as capital of a future Palestinian state, said Ileana Ros-Lehtinen, the top Republican on the House of Representatives' foreign affairs committee. The Simon Wiesenthal Center also criticised the EU draft resolution. "Once again the EU is rushing with a laundry list of what's expected from Israel, but when will the European Union finally demand action from the Palestinians?" asked Rabbi Marvin Hier, founder and dean of the Jewish human rights group.

BRUSSELS – The European Union accused Israel on Thursday of trying to divide the 27-nation bloc to stop it passing a resolution calling for Jerusalem to be the shared capital of Israel and a future Palestinian state. The new resolution adopted by the EU on Tuesday sparked an angry reaction from Israel, which captured the eastern half of city on 1967 and considers it its eternal undivided capital. Palestinians want east Jerusalem as part of a future independent state. An EU official said Israel had lobbied intensively for the European foreign ministers to dilute an earlier draft proposed by Sweden — who currently holds the EU's rotating presidency — which explicitly stated that east Jerusalem should be the capital of a Palestinian state.

Israeli leaders telephoned politicians in several European nations to press for removal of the passage, said the official, who asked not to be identified because of the sensitivity of the matter. In the end, the ministers modified the original draft, but still referred to the status of Jerusalem "as the future capital of two states," the official said.

Swedish Foreign Minister Carl Bildt said Thursday that Israel should desist from trying to divide the bloc. He insisted that the Tuesday's decision demonstrated that the EU was a "cohesive and clear force" on global issues, including the Middle East.

Bildt comments followed those made by Israel's Foreign Minister Avigdor Lieberman who said Wednesday that Sweden wanted to present the EU declaration as its achievement before that country's six-month term as the EU president ended.

"Sweden, which is completing its term as holder of the EU rotating presidency without any achievements or any significant returns, tried toward the end of its term to steal the show and steal the vote. That didn't succeed," Lieberman told Israel Radio.

Bildt shot back Thursday, saying that Israel should not "think that a relationship with Europe is divide and rule." "You consider some (EU members) good and some bad and then you try to maneuver from that position," Bildt said. Bildt told lawmakers that EU officials would meet on Friday with representatives of the Palestinian Authority, but that Israel has been unwilling to schedule a similar meeting.

Although the EU has long opposed the annexation of east Jerusalem, Tuesday's statement was sure to deepen Israel's sense that the Europeans favor Palestinian positions.

Sweden and Israel have had a long history of diplomatic spats. In September, Bildt abruptly called off a visit to Israel during a feud over an unsubstantiated article in a Swedish tabloid that accused Israeli soldiers of harvesting organs from dead Palestinians. The cancellation came amid a growing gulf between Israel and the international community over West Bank settlement construction.

LONDON – The last British resident imprisoned at Guantanamo won the right Tuesday to see documents his lawyers believe will show that he was tortured. The British government immediately announced an appeal. Judge Jeremy Sullivan ruled in favor of Shaker Aamer, a British resident born in Saudi Arabia and suspected by the American government of having links to the al-Qaida terrorist network. His lawyers said they need to see the documents to prove that he was abused in order to discredit confessions that were made under duress. "Our present view is that this matter is clearly very urgent." Sullivan said after hearing arguments in the Royal Courts of Justice in London. "If this information is to be of any use it has to be put in the claimant's hands as soon as possible." The Foreign Office said the British government will appeal the ruling.

"We are disappointed by the court's decision," it said. "We will continue to argue strongly the point of principle involved in this case: That it is fundamental to the national interest of the United Kingdom that our intelligence and security services are able to operate without fear of having to disclose secret intelligence material." The case focuses on Aamer, 42, who was born in Saudi Arabia but is a British resident whose wife and four children are British. His lawyers claim his confessions were made only after he was tortured and subjected to degrading and inhumane treatment after his detention in Afghanistan in 2002. They maintain British agents were present while Aamer was abused while in U.S. custody. No charges have been brought against Aamer.

Court papers claim that "there are strong grounds" to believe that British security and intelligence agencies were present at least twice during his detention in Afghanistan before he was transferred to Guantanamo Bay in Cuba.

LONDON – A legal rights group said Monday the British government misled parliament about two terrorism suspects who were subjected to rendition. Clive Stafford Smith, director of the London-based rights group Reprieve, said the government must reveal what it knows about the cases of two men captured by British soldiers in Iraq in 2004 and turned over to American forces, who flew them to Afghanistan, where they remain incarcerated. Reprieve is bringing legal action against Britain to force it to reveal more about the cases, which first came to light in February when John Hutton, Britain's defense secretary at the time, told parliament the two suspects were members of a banned Pakistani extremist group known as Lashkar-e-Taiba. Hutton's statement came after British officials had denied for years that they were involved in cases of "extraordinary rendition" — in which someone suspected of supporting terrorism is transferred to a foreign nation for imprisonment and interrogation without formal charges or trial.

Britain's Ministry of Defense issued a statement later Monday defending its actions in the case. It said both men were members of Lashkar-e-Taiba who posed a "significant" threat to Iraqi civilians and coalition armed forces. "Their initial detention was appropriate, legitimate and targeted at saving lives," the statement read. Stafford Smith said the two men have been held at Bagram, the main U.S. military base in Afghanistan, in terrible conditions without charge for five years. One has suffered a breakdown and is in a mental hospital in Bagram, he said. "This reflects the ongoing problems with the dissolution of the rule of law," Stafford Smith said. "When you turn your back on hundreds of years of the rule of law, you get terrible mistakes." At the time, the U.S. officials told the British the men were transferred to Afghanistan because American forces in Iraq did not have enough translators to interrogate them, Stafford Smith said, calling this justification false.

Reprieve has determined that one of the suspects is a Shiite Muslim who could not possibly be a member of Lashkar-e-Taiba, a Sunni Muslim group, he said. Stafford Smith said this suspect, which Reprieve identified as a rice dealer from Pakistan named Amanatullah Ali, should be set free because the allegations against him are untrue.

LONDON (AFP) – The head of the Anglican Church, Archbishop of Canterbury Rowan Williams, criticised the government Saturday, saying it viewed religion as a problem practiced by freaks and foreigners. "The trouble with a lot of government initiatives about faith is that they assume it is a problem, it's an eccentricity, it's practised by oddities, foreigners and minorities," he said in an interview with the Telegraph.

"The effect is to de-normalise faith, to intensify the perception that faith is not part of our bloodstream. And, you know, in great swaths of the country that's how it is," said Williams. He charged the government was paying only scant attention to Christians, while instead being intensely focussed on Muslims. Williams also touched on the widening schism within the Anglican Church over the election last weekend of a second openly gay bishop by in the United States, saying: "It confirms the feeling that they're moving further from the Anglican consensus." The Episcopal diocese of Los Angeles elected as bishop 55-year-old Reverend Canon Mary Glasspool, who has been in a relationship with another woman since 1988, just months after the US church lifted a ban on gay bishops. The worldwide Anglican Church could face the same kind of turmoil that erupted in 2003 when openly gay Reverend Gene Robinson of New Hampshire was elected bishop, sparking joy from liberals but outrage among traditionalists.

The more liberal stance of the Episcopalian leadership has increasingly divided congregations and prompted the formation of a breakaway church by conservative Anglicans in the United States, Africa and Australia. The Vatican made a bid last month for these disaffected Anglican groups by making it easier for them to convert to Roman Catholicism, but Williams downplayed the risk this poses to the Anglican Church. "But actually I don't think it is a solution," Williams told the Telegraph. "A great many Anglo-Catholics have good reason for not being Roman Catholics. They don't believe the Pope is infallible," he said. "And that's why they're still pressing for a solution in Anglican terms, rather than what many of them see as a theologically rather eccentric option on the Roman side."

THE HAGUE, Netherlands – The United States and Russia faced off over Kosovo at the United Nation's highest court on Tuesday, with the U.S. arguing the world should honor Kosovo's declaration of independence while Russia insisted it was still part of Serbia. The Hague, Netherlands-based International Court of Justice, widely known as the World Court, has been asked to give its opinion on whether Kosovo's unilateral 2008 declaration of independence was legal. The U.S. and Russia are two of 29 countries — including all five permanent members of the UN Security Council — weighing in on the matter before the court rules next year. The case is being closely watched not only because the decision has the potential to upset the delicate peace in the former Yugoslavia but also because other countries with independence-minded provinces, like Russia, China and Spain, fear that Kosovo could set a precedent. Representing the U.S., State Department lawyer Harold Koh said a declaration of independence is not something governed by international law but "fundamentally a political act ... which states then decide whether they should recognize or not." "We therefore urge this court to leave Kosovo's declaration undisturbed by refusing to issue an opinion or by simply answering in the affirmative, that Kosovo's declaration is in accordance with international law," Koh told the 15-judge panel. Outside the courtroom, Koh said that Kosovo's move was an expression of the reality on the ground and was justified, given historical abuses of the area's non-Serb population under Serb rule.

NATO bombed Serbia for 78 days in 1999 to end a brutal crackdown by the forces of then-President Slobodan Milosevic against Kosovo's separatist ethnic Albanians. Some 10,000 ethnic Albanians were killed and close to a million were forced from their homes. The area was then placed under UN administration while Kosovo was negotiating a semiautonomous status within Serbia. Those talks were unsuccessful, leading to the declaration of independence. The United States and most European Union states have recognized Kosovo's independence. Serbia, backed by Russia and a majority of the other countries in the world, is against recognizing it. Russian lawyer Kirill Gevorgian argued Tuesday that a Security Council resolution specifying Kosovo should negotiate a status within Serbia is still in effect. "The final settlement ... is to be negotiated between the parties and endorsed by the Security Council," he said. "No unilateral action can be regarded as such a final settlement." U.S. lawyer Koh warned the court against attempts to revive "futile" talks or to "unravel delicate political arrangements that have brought stability to a troubled region." At the start of the hearings this month, Serbia said Kosovo's independence tore at the very fabric of Serb national

identity. Kosovo warned that if its declaration is deemed illegal it could lead to a renewal of violence in the region. Hearings continue through Dec. 11.

LONDON – Britain believed Iraq had dismantled its chemical and biological weapons in the run-up to the 2003 invasion but thought it was possible they could be reassembled, the former head of the country's Joint Intelligence Committee said Tuesday. John Scarlett, who chaired the committee from 2001 to 2004 before moving to MI6, Britain's foreign intelligence agency, told a panel of inquiry that it had long been believed that Iraq had been dismantling weapons in order to conceal them. On March 7, 2003, Scarlett said an intelligence report revealed that "Iraq had no missiles which could reach Israel and none which could carry germ or biological weapons. The leadership had ordered the dismantlement of the missiles known as al-Hussein ... to avoid discovery, and they thought they could be quickly reassembled." A second report, made a few days later, said intelligence had been received that chemical weapons "had been disassembled and dispersed and would be difficult to reassemble." Scarlett made the comments to a panel probing Britain's role in the Iraq war. The inquiry is most extensive look yet at the conflict, which was deeply unpopular in Britain, triggered huge protests and left 179 British soldiers dead. Scarlett said the March assessments didn't contradict or change the earlier belief that Saddam had access to weapons and that the regime was dismantling them. He said the reports didn't say the weapons didn't exist — but that they might be difficult to find. Asked if the reports were a "game-changing moment," Scarlett said no. "They were not," he said. Britain joined in the U.S.-led invasion of Iraq a few days later. The five-person panel, led by former civil servant John Chilcot, is expected to report late next year on lessons learned. It will not to apportion blame or hold anyone liable for the conflict.

The former Prime Minister - who is due to give evidence in the New Year to the Chilcot inquiry into the war - said other arguments would have been needed to justify the military action in 2003. But in an interview to be broadcast tomorrow on BBC1's Fern Britton Meets ... Tony Blair, he said the threat posed by Saddam to the wider region meant it was right to remove him from power. "I would still have thought it right to remove him. Obviously you would have had to use and deploy different arguments, about the nature of the threat," he said. He added: "It was the notion of him as a threat to the region, of which the development of WMD was obviously one... he used chemical weapons on his own people - so this was obviously the thing that was uppermost in my mind." Mr Blair acknowledged that there were families who blamed him for the deaths of loved ones in a conflict in which they believed Britain should never have been involved. "That's the responsibility you carry. But you have got to carry it, I'm afraid... There is no point in going into a situation of conflict and not understanding there is going to be a price paid," he said.

BERLIN – Germany's defense minister on Friday traveled to a northern Afghan region where a September airstrike is believed to have killed many civilians, an attack that has caused political turbulence in Berlin. Karl-Theodor zu Guttenberg arrived Friday morning at the German military base in Kunduz, his ministry said. He traveled with German lawmakers. German officials, citing a classified NATO report, have said that up

to 142 people are believed to have died or been injured in the Sept. 4 airstrike on two tanker trucks that had been captured by the Taliban. Local Afghan leaders have estimated the number of civilian deaths at between 30 and 40. Guttenberg last week reassessed a German commander's decision to request the airstrike and now says it was "militarily inappropriate." German officials have said they plan to negotiate compensation for relatives of the victims. Guttenberg told ARD television in an interview recorded before his departure for Afghanistan that, meeting soldiers there, he would explain how he arrived at his assessment of the airstrike. Asked about compensation for the victims, he replied that "it is very clear to me that we must find a solution — not one that involves long procedures in Germany or serves to make lawyers famous, but one which helps people there." Guttenberg removed the military's chief of staff last month after it emerged that a German military report on the airstrike, which reportedly indicated civilians were killed, was never seen by Franz Josef Jung — the defense minister at the time of the airstrike. Jung, who had insisted for days after the attack that there was no evidence of civilian deaths, also resigned from his new job as labor minister. Germany has more than 4,000 troops serving in northern Afghanistan.

OSLO – Newly enshrined among the world's great peacemakers, President Barack Obama offered a striking defense of war. Eleven months into his presidency, a fresh Obama doctrine. Evil must be vigorously opposed, he declared as he accepted the Nobel Peace Prize on Thursday. At the same time, he made an impassioned case for building a "just and lasting peace." "I face the world as it is, and cannot stand idle in the face of threats to the American people," Obama told his audience in Oslo's soaring City Hall. "For make no mistake: Evil does exist in the world."

Pronouncing himself humbled by such an honor so early in "my labors on the world stage," Obama nevertheless turned his Nobel moment into an unapologetic defense of armed intervention in times of self defense or moral necessity. The hawkish message was an inevitable nod to the controversy defining his selection: an American president, lauded for peace just as he escalates the long, costly war in Afghanistan.

It was a jarring moment when Obama, in the midst of the ceremony, said of his troops in Afghanistan: "Some will kill. Some will be killed."

He lauded Mohandas Gandhi and Martin Luther King Jr., preachers of nonviolent action. But he added, "A nonviolent movement could not have halted Hitler's armies. Negotiations cannot convince al-Qaida's leaders to lay down their arms."

"To say that force is sometimes necessary is not a call to cynicism; it is a recognition of history." The president laid out circumstances in which war is justified — in self-defense, to come to the aid of an invaded nation, on humanitarian grounds such as when civilians are slaughtered by their own government.

At the same time, he also stressed a need to fight war according to "rules of conduct" that reject torture, the murder of innocents and other atrocities.

"We lose ourselves when we compromise the very ideals that we fight to defend," he said. "And we honor those ideals by upholding them not when it's easy, but when it is hard."

FRANKFURT (AFP) – The German trade surplus, a pillar of the eurozone economy, climbed to 13.6 billion euros (20 billion dollars) in October, figures released on



Wednesday by the national statistics office showed. In September, the biggest European economy and one of the world's leading exporters had posted a surplus of 10.4 billion euros. German exports gained 2.5 percent from September to 74.6 billion euros, the Destatis service said. Germany, one of the world's leading exporters, has begun to rebound from its worst recession since World War II, thanks in part to renewed foreign demand for the country's industrial goods and chemicals. Destatis also cited German central bank figures which showed the current account of the balance of payments had a surplus of 11.0 billion euros in October. The current account is an overall measure of all current payments into and out of a country or region. News of the country's rebounding economy comes as official figures show that inflation is slowly regaining a foothold in the European nation. The inflation rate in November was 0.4 percent compared to the previous year, the Federal Statistics Office said, the first time it has been positive since June 2009. The rate was revised slightly higher from the 0.3 percent preliminary figure published in late November. Falling energy prices are still keeping a lid on inflation in Germany, however, with prices for household gas nearly a fifth of their price a year ago during the oil price spike. If energy were stripped out of the calculation, inflation in Germany would be 0.7 percent, the statistics office said.

GENEVA (AFP) – Unemployment in Switzerland soared to a five-year high of 4.2 percent in November, official data showed Wednesday. The number of people registered as jobless reached 163,950, up 5,812 from October, when the unemployment rate was at 4.0 percent. November's jobless rate was at a level last recorded in February 2004. The proportion of unemployed people was highest among foreigners, with an unemployment rate of 8.1 percent in November. Comparatively, Swiss nationals posted a jobless rate of 3.0 percent. Unemployment is expected to reach an average of 3.8 percent this year with a peak of 5.2 percent in 2010 that would rival highs last reached 12 years ago, according to government forecasts. The Swiss government said last week that it would halve from next year its quotas of permits for workers from outside Europe in a bid to curb unemployment. It also said it would decide next year whether to activate a safeguard clause that allows Bern to impose temporary restrictions on Europeans working in Switzerland in specific circumstances. The clause was built into a deal with the European Union that allows European workers to take up jobs in Switzerland without being subject to the work permit quota system.

BRUSSELS – The European Union was supposed to make a decisive show of unity at its first summit since sweeping reforms streamlined its decision-making procession. The meeting had a simple agenda: agree on a climate change fund for developing nations and a batch of small-scale procedural reforms and foreign policy statements. It broke up around midnight Thursday without agreement on the climate fund, denting the perception that shutting the leaders in a room without their usual army of advisers would speed up decisions. Activists called it a flop, despite the summit reaching accord Friday morning. EU leaders pledged \$3.6 billion pledge and agreed to go to the Copenhagen climate summit next week offering to cut greenhouse gas emissions by 30 percent from 1990 levels by 2020 if other major polluters agree to more significant cuts. EU leaders also called Friday for a possible tax on financial transactions, welcomed new U.S. troops for Afghanistan and said the EU would support new sanctions against Iran

over its nuclear program. Still, the two-day summit highlighted divisions between the bloc's rich and poor nations and underscored just how hard it is to get 27 leaders to agree even after the enactment of the Lisbon Treaty. The treaty features new rules to accelerate decision-making so that the EU can respond more swiftly to global issues such as defense, energy security, climate change and migration.

The problems with this week's meeting don't bode well for the climax next week of the Copenhagen summit, where about four times as many world leaders will attempt to broker a new global climate pact to replace the Kyoto Protocol. Polish Prime Minister Donald Tusk said he was willing to join the bloc's efforts to slash carbon emissions, but only after his country has weaned itself off its reliance on coal-fired power stations and switched to nuclear energy — likely after 2020. Tackling global warming, "cannot mean a catastrophe for the Polish economy," Tusk told reporters. Critics questioned whether the \$3.6 billion fund was enough to help developing nations tackle global warming and whether much of the money was really new. Swedish Prime Minister Fredrik Reinfeldt conceded that the EU pledge included aid earlier promised, but didn't say how much. "Many EU members have a track record of repackaging or re-announcing existing aid commitments," said Anne-Catherine Claude of Action Aid. "This appears to be the case here too. Real leadership on climate change requires real money and the EU is clearly failing here." European superpowers Britain, France and Germany each contributed about 20 percent of the \$3.6 billion and Britain is pushing to raise the figure higher at the Copenhagen talks. Many poorer nations are believed to have made only token contributions to ensure the EU could present a united front. Summit organizers did not break out individual contributions.

EU leaders have also agreed to commit 2.4 billion euros a year until 2012 to help poorer countries combat global warming. Two years ago, the EU was ahead of the pack when it pledged to cut 20 percent of emissions from 1990 levels by 2020 and to increase that to 30 percent if other big polluters made similar promises. Japan and Russia have now outpaced Europe with 25 percent cuts. German Chancellor Angela Merkel put pressure on the US in particular to raise its current offer of a 3 percent reduction. French President Nicolas Sarkozy says the offer "puts Europe in a leadership role in Copenhagen," where international negotiators are seeking a long-term way to slow the warming of the planet. All 27 members of the European Union will commit money to a short-term fund for poorer countries, Swedish Prime Minister Fredrik Reinfeldt said after two days of difficult talks at a summit in Brussels. The leaders failed on Thursday to come up with a firm figure for the fund, an embarrassing setback for a bloc that was long at the forefront of the fight against global warming

European Union leaders agreed at a summit Friday to come up with \$3.6 billion a year through 2012, or a total of \$10.8 billion over three years, to help pay developing nations to cut emissions and adapt to climate change. Here are some of the pledges made by the 27 EU members until a new climate pact being negotiated in Copenhagen comes into effect in 2013:

Britain: \$1.95 billion  
France: \$1.85 billion  
Italy: \$885 million

Germany: \$1.85 billion  
Sweden: \$1.2 billion  
Spain: \$548 million

Netherlands: \$442 million  
Belgium: \$221 million  
Poland: \$88 million  
Slovenia: \$12 million

Denmark: \$235 million  
Finland: \$147 million  
Czech Republic: \$18 million  
Estonia: \$4.4 million

COPENHAGEN – China's Vice Foreign Minister He Yafei on Friday said the chief U.S. climate negotiator either lacks common sense or is "extremely irresponsible" for saying that no U.S. climate financing should be going to China.

In unusually blunt language, He said he was "shocked" by U.S. climate envoy Todd Stern's comments earlier this week that China shouldn't expect any American climate aid money and that the United States was not in any debt to the world for its historical carbon emissions. "I don't want to say the gentleman is ignorant," He told reporters at the U.N. climate summit in Copenhagen. "I think he lacks common sense where he made such a comment vis-a-vis funds for China. Either lack of common sense or extremely irresponsible."

The world's two biggest greenhouse polluters have been exchanging barbs this week about the sincerity of their pledges to fight climate change.

In China's view, the U.S. and other rich countries have a heavy historical responsibility to cut emissions and any climate deal in Copenhagen should take into account a country's level of development. China is grouped with the developing nations in the climate talks. But Stern said that when it comes to financing to help poor countries deal with climate change — a key element in the Copenhagen talks — the U.S. doesn't consider China one of the neediest countries. "I don't envision public funds — certainly not from the United States — going to China," he said on Wednesday. "China to its great credit has a dynamic economy, and sits on some two trillion dollars in reserves. So we don't think China would be the first candidate for public funding."

The Chinese official said China wasn't asking for money, but suggested the U.S. and China had different responsibilities in dealing with global warming. He urged Stern to read the U.S.-China joint statement on climate change issued when President Barack Obama visited China three weeks ago. "China, with funds or without funds from external sources, will do what we can," He said. "We have been doing this without external support for the past dozen or so years. And our commitment from now to 2020 is pledged on the basis of no external support. It's a unilateral action."

China has pledged to cut "carbon intensity" — a measure of carbon dioxide emissions per unit of production — by 40-45 percent by 2020, compared with 2005 levels.

MADRID – The Spanish government agreed to changes in its proposed abortion bill that will now require girls aged 16 and 17 to inform one of their parents if they seek to end their pregnancy, an opposition party said Thursday. The clause in the proposed legislation that would allow teens to have an abortion without parental consent had caused much opposition among conservatives. But despite the change the girls can still end their pregnancy without parents approval, said Carmen Monton, the spokeswoman on women issues for the governing Socialist Party. "The important thing is that the consent comes from women, regardless of age," Monton told reporters. "The parents will be informed and there will be exceptions. I thinks it's a good agreement," she said.

The opposition Basque Nationalist Party, which announced the changes, said it would now vote in favor of the new abortion bill. The new bill proposes unrestricted abortion up to the fourteenth week of pregnancy, as opposed to stricter limits currently in place. The amendment says also that young women who could demonstrate that having to inform a parent — or their legal guardian — would cause serious problems for them can be exempted from this obligation.

According to the existing legislation, abortion was allowed in cases of rape or fetal malformation, or when doctors deemed that a pregnant woman's physical or mental health was in danger as a result of the pregnancy. Most of Spain's annual 100,000 abortions come under that clause. Women who had abortions outside these legal limits could be prosecuted, though cases have been rare. The new legislation is supported by several parties but the votes of the six Basque deputies would guarantee passage in parliament, which is expected to vote on it early next year. The group posing fiercest opposition is the leading conservative Popular Party, which has 153 seats in the 350-seat lower house. The Socialists said they are seeking as broad a consensus as possible on the legislation.

ATHENS, Greece -- Prime Minister George Papandreou warned on Wednesday (December 9th) that Greece's financial woes pose a risk to national sovereignty for the first time since the reinstatement of democracy in 1974. "We are decided to do everything that is within our powers to get the budget deficit properly under control, to restore stability of public finances and to continue development. This is the only way for Greece not to lose its right of sovereignty," Papandreou said. Greece, a member of the eurozone, has been heavily criticised for its rapidly expanding deficit, now estimated at 12.7% of GDP. On Monday, the rating agency Standard & Poors announced it has put Greece on a negative credit watch.

#### Latin America

TEGUCIGALPA, Honduras – Honduras' interim government said Wednesday night it has authorized ousted President Manuel Zelaya to leave the country and go to Mexico, and a Mexican official confirmed talks were under way on that possibility. No final deal appeared to have been worked out, and there was no indication Zelaya was preparing to leave his refuge in the Brazilian Embassy. Zelaya told Radio Globo that he was negotiating what he called a "consensual solution" to his stay in the embassy, where he has been holed up — surrounded by soldiers — since slipping back into Honduras on Sept. 21 in a failed effort to regain his office and prevent last month's election to choose his successor. Zelaya said he had talked with both Mexican President Felipe Calderon and Dominican President Leonel Fernandez. The talks apparently centered on a dignified solution for Zelaya, who has refused any form of political asylum that might hinder his efforts to drum up opposition to the forces that removed him from the presidency in a coup June 28. Zelaya said he wanted "a negotiated solution ... that respected the law, and respected my office" as president. He suggested he wanted a status that would "allow me to continue my (political) actions abroad." He operated a sort of government-in-exile from other Latin American nations after being

ousted. "I will not accept any political asylum," Zelaya said, adding that he wanted "hospitality, as a guest, to continue my actions."

Oscar Raul Matute, the interim interior minister, said Mexico had filed paperwork asking that Zelaya be granted safe conduct out of Honduras but failed to include whether Zelaya would be traveling to Mexico recognized only as a Honduran citizen being given refuge or as a president. He said Mexico was asked to file new documents. "If the government of Mexico wishes to give him asylum, we will consider that petition as long as that petition fulfills all the requirements," Matute told CNN en Espanol. That was a different take on the situation than offered earlier in the evening by a spokesman for the Honduran Foreign Ministry, Milton Mateo. Mateo also said Mexico had asked for a safe-conduct pass for Zelaya, who has been charged by the interim government with abuse of power, but he said the pass had been signed and would be delivered to the Brazilian Embassy. Zelaya said he hadn't received it.

HAVANA – Fidel Castro is calling President Barack Obama's accepting of the Nobel Peace Prize a "cynical act," given that he is sending 30,000 more U.S. troops to Afghanistan. The 83-year-old former Cuban leader initially applauded Obama's selection, but he has backed off that recently. In a column on a government Web site Wednesday, Castro wrote: "Why did Obama accept the Nobel Peace Prize when he had already decided to take the war in Afghanistan to its ultimate limit?" Castro said Obama "was not obligated to commit a cynical act" by accepting the prize. He said Obama's Dec. 1 speech during which he announced that additional U.S. forces would go to Afghanistan gave him the "impression of listening to George W. Bush."

PORT-AU-PRINCE, Haiti – Opposition groups are threatening to disrupt Haiti's upcoming legislative contests over allegations that election officials are stacking the deck in favor of President Rene Preval's party in a bid to boost executive power. Frustrations center on decisions by the nine-member, presidentially appointed provisional electoral council seen as giving an unfair advantage to Preval's newly created Unity party, which in just weeks has absorbed Cabinet ministers, the presidents of both parliamentary chambers and almost half the members of the lower house. Opponents are especially upset over the disqualification of about 15 rival political groups ahead of the Feb. 28 elections, including ousted former President Jean-Bertrand Aristide's Fanmi Lavalas. Some allege Preval is attempting to load parliament with allies to push through constitutional changes or even seek another term. "The game is rigged," former presidential candidate Evans Paul, a leader of the newly created Alternative coalition, told The Associated Press. "The only way to confront Preval's plan is to mobilize the population." The electoral council has not fully explained the disqualifications or addressed other allegations. A council spokesman declined requests to comment. Paul, who helped lead opposition to Aristide ahead of his 2004 ouster, called for the electoral council to be replaced and some disqualified parties readmitted to the election. Otherwise, he said, opposition leaders will push for demonstrations. "The people have a right to rebel whenever the government is acting anti-democratically," he said.

Lavalas supporters have also decried the electoral council's decision. Aristide broke a months-long public silence to criticize his party's exclusion in a radio interview, calling the decision an "electoral coup d'etat." Some supporters have called for a boycott.

Lavalas also boycotted Senate elections from which they were excluded earlier this year. Turnout was extremely low. Unity replaces Preval's previous Lespwa movement, a loose organization created to win him the presidency in 2006. Recently converted Unity legislator Guy Gerard Georges, whose previous Union party was also disqualified by the council, said the new party paid members' \$1,200 election inscription fee and would likely help finance their campaigns. Most Lespwa members, including Preval, were either former Lavalas activists or had served under Aristide. But over the course of Preval's second, nonconsecutive term, the soft-spoken leader has drifted far from supporters of Aristide who helped push him to victory, and now he has cut ties with his own movement as well. Lespwa members who did not follow Preval to the new party have also been disqualified by the electoral council. If Unity secures majorities in the February election, its members are widely expected to push through constitutional amendments to expand executive powers. The current 1987 constitution severely limited government and executive powers in the aftermath of the decades-long Duvalier dictatorships

SANTIAGO, Chile – Sebastian Pinera, a billionaire with investments in Chile's main airline, most popular football team and a leading TV channel, heads into Sunday's presidential election with a good chance of returning the right wing to power for the first time since democracy was restored 19 years ago.

Opinion polls put Pinera far ahead of Eduardo Frei, a former president who represents the fraying center-left coalition that has governed Chile since Gen. Augusto Pinochet ended his dictatorship. A victory by Pinera would mark a tilt to the right in a region dominated by leftist governments. The 60-year-old businessman is expected to keep the fiscally prudent policies of the ruling coalition as he focuses on fighting corruption and bringing new faces to government. Outgoing President Michelle Bachelet has sky-high 78 percent approval ratings, but the left couldn't agree on fewer than three candidates, none of whom have close to her popularity. Pinera also has made a point of appealing to centrists.

"Pinera is the most moderate candidate that the right has ever had," said Patricio Navia, a Chilean political analyst who teaches at New York University.

The elections are unlikely to produce radical changes in Chile, an economically stable copper producer, Navia said. "The big surprise of this election is that all the candidates are proposing very similar policies." Pinera lost to Bachelet in 2006, but has topped all polls since beginning his third campaign for president last year. The latest survey, published Wednesday, had him falling short of a first-round victory, with 44 percent of the votes to 31 percent for Frei. Marco Enriquez-Ominami, a congressman who broke with the socialists after realizing that primary rules favored Frei, would get 18 percent and leftist Jorge Arrate would get 7 percent, according to the poll by the Center for the Study of Contemporary Reality. The poll had an error margin of plus or minus 3 percentage points. Despite those numbers, trends suggest a first-round win for Pinera can't be ruled out, center director Carlos Huneeus said, concluding that "the right is in a better position than ever" to reach the presidency. It remains to be seen whether Chile's leftist coalition could regroup ahead of a second-round vote Jan. 17, but polls indicate Pinera would win then as well — with 49 percent to 32 percent against Frei, and a slightly tighter margin of 47 percent to 35 percent against Enriquez-Ominami. The center polled 1,200 people nationwide between Nov. 24 and Dec. 5.

CARACAS, Venezuela – Hundreds of leftists gathered in Venezuela's capital have set plans for a regional movement in Latin America and are expressing support for insurgent groups like the rebels in Colombia. Some 950 people from 26 nations agreed to form the Bolivarian Continental Movement, named after South American independence hero Simon Bolivar, said Zenaida Tahhan, who leads a chapter in Venezuela, said Wednesday after the conference wrapped up. Participants included supporters of leftist Venezuelan President Hugo Chavez and Communist Party members as well as activists from other parts of the globe. Tahhan said some came from as far away as Turkey and Australia. Attendees said they agreed on causes promoted by Chavez, including resisting what he calls U.S. "imperialism." Yul Jabour, a member of the Venezuelan Communist Party, said the movement also agrees with the ideals of "any insurgent movement" — such as the leftist rebels in neighboring Colombia. During the opening session Monday, organizers read a message attributed to Alfonso Cano, commander of the Revolutionary Armed Forces of Colombia, in which he saluted participants and called for the creation of a "continental political movement" to counter what he warned is a growing military threat from the "U.S. empire" in the region. Colombia's government on Wednesday called the release of statements by FARC leaders an "affront to democracy" and asked Venezuela's government to clarify its position toward groups sympathetic to terrorism and organized crime. A foreign ministry statement said the movement's support for FARC leaders is equivalent to "supporting acts such as kidnappings, assassinations, car bombs and atrocities against the civilian population." Those at the gathering condemned Colombia's recent agreement allowing the U.S. military to use more of its bases — a stance shared by Chavez, who contends the deal poses a threat his government. Colombia says the agreement will be used only to help it fight drug trafficking and guerrillas inside its territory. Chavez has denied supporting the Colombian rebels, but the guerrillas express an ideological affinity for the Venezuelan leader. Colombian rebels have often used border areas of Venezuela as a haven to resupply and treat their wounded in recent years, creating friction with Colombia's U.S.-allied government, which is battling the guerrillas in a conflict that also involves outlawed right-wing paramilitary groups.

BOGOTA (Reuters) – Colombia on Wednesday demanded Venezuelan President Hugo Chavez's government clarify whether it tolerated support for terrorist organizations after Colombia's leftist rebels were lauded at a forum in Caracas. The diplomatic complaint came as the Andean neighbors tussle in a growing dispute that has battered their \$7 billion in annual bilateral trade and fueled concerns about the feud spilling over into a violent border incident. At a meeting of left-wing groups called the Continental Bolivarian Coordinator, a video message was broadcast from FARC commander Alfonso Cano, leader of Colombia's largest Marxist guerrilla movement. It was not clear whether Chavez officials attended or supported the event. Colombia has in the past complained Chavez is politically tolerant of the FARC, which is labeled a terrorist organization by the United States and Europe. Bogota says two top FARC commanders have taken refuge in Venezuela. "Colombia's government and people consider it an insult to democracy and human rights that the Continental Bolivarian Coordinator recognized the FARC," the foreign ministry said. "Venezuela should clarify for the international community whether it recognizes, approves or tolerates movements or parties who support terrorism," its statement said. Chavez, a fierce U.S. foe, last year welcomed a FARC commander at his

presidential palace as part of his involvement in efforts to free rebel hostages. But he rejects U.S. and Colombia claims he provides shelter or support to the FARC.

The socialist leader recently has ramped up his rhetoric against Bogota with talk of war and ordered Colombian imports cut to protest Colombia's plan to allow U.S. troops more access to its bases to fight druglords and guerrillas. In the latest incidents, Venezuelan troops have dynamited makeshift bridges across the border because they said the structures were used by smugglers. But Colombia denounced the destruction before the United Nations. Chavez says the base plan is a pretext for an aggression against his oil-exporting nation. Colombian President Alvaro Uribe counters it is an extension of existing U.S. cooperation to end Colombia's long war fueled by the drug trade.

## Southeast Europe

BRUSSELS, Belgium -- Four lending institutions launched the Western Balkans Investment Framework (WBIF) on Wednesday (December 9th), which aims to provide funding for priority projects in the region. Initially, these projects will relate to infrastructure, but will later be expanded to supporting small- and medium-sized enterprises, energy efficiency and other investment initiatives. The four lenders are the European Commission, the European Investment Bank, the European Bank for Reconstruction and Development and the Council of Europe Development Bank. At its first meeting, the WBIF steering committee decided to allocate 26m euros as grants for 26 projects across the region. In the future, the initiative is expected to attract loans worth 2.2 billion euros from international financial institutions

BUCHAREST, Romania -- Voters went back to the polls on Sunday (December 6th) for the presidential run-off pitting incumbent Traian Basescu of the Liberal Democratic Party against Mircea Geoana of the Social Democratic Party. According to the latest surveys, Geoana is the frontrunner with 54% of support, compared to 46% for Basescu. The first round was far tighter, but involved a third strong candidate. This time around, Geoana and Basescu traded a series of accusations in the days leading up to the run-off. The most serious involved a video that seemed to show Basescu hitting a child during his 2004 campaign. It turned out to be electronically altered footage.

BUCHAREST, Romania – Many Romanians had hoped this election would lift the country out of political crisis, help it shake its reputation for corruption, and allow it to climb out of its worst recession in 20 years. Instead, it has plunged the country into even deeper turmoil. The opposition is charging the presidency has been stolen by fraud. A euro1.5 billion (\$2 billion) international loan probably won't be delivered. And some in the business community fear the scandal will scare off the foreign investment the country so badly needs. Results in Sunday's presidential runoff election showed that the incumbent, Traian Basescu, eked out the slimmest of victories: The Central Electoral Bureau said he took 50.33 percent of the vote to 49.66 percent for his challenger, former Foreign Minister Mircea Geoana. Three exit polls had forecast a victory for Geoana, albeit a narrow one. Geoana has charged he was robbed of the presidency by "deliberately organized massive fraud." He said his Social Democratic Party has evidence of ballot stuffing and multiple voting — both inside Romania and abroad, where he lost



heavily to Basescu. Thousands of fictitious personal identity numbers were created, Geoana said. He said his party has evidence that, in one instance, hundreds of voters shared one address — that of a small house in Bucharest.

Romania is one of the European Union's poorest countries, and Geoana said there is also evidence of widespread vote-buying. He is appealing the result to the country's Constitutional Court and demanding new elections. The court is scheduled to rule this week on whether the results are valid. The Liberal Democratic Party, which supports Basescu, denied fraud and said Geoana didn't now how to lose with grace. Even before Sunday's runoff, the situation was chaotic. In September, a vice prime minister charged that plans for electoral fraud were already under way. That led the prime minister, Emil Boc, to fire him in October — after which Parliament dismissed Boc himself with a vote of no confidence. The country has been without a government since then. Because of that, the International Monetary Fund suspended a euro1.5 billion (\$2 billion) loan meant to help pull the country out of recession. While the instability continues, the loan is unlikely to be released. The International Monetary Fund wants Romania to have a government and a 2010 budget first — and neither will happen until the election issue is resolved. In the meantime, unemployment is 7 percent and the economy is expected to shrink 8.5 percent this year.

BUCHAREST, Romania — Romania's Constitutional Court ordered a re-examination of voided ballots from the country's disputed presidential election, prolonging months of political uncertainty. Analysts predicted, however, that the ruling was not likely to lead to a new vote. The court ordered election officials to look at whether some 138,000 ballots were improperly declared void. Center-left former Foreign Minister Mircea Geoana lost by a margin of just 70,000 votes to incumbent centrist President Traian Basescu, garnering 49.7 percent to Basescu's by 50.3 percent. Geoana says his Social Democratic Party has evidence of ballot stuffing, multiple voting and widespread vote-buying, and has asked for new elections to be held. The Constitutional Court will decide after the reexamination whether it will validate the election results or order a repeat of the vote.

Some analysts predicted that the court would not overturn the election because it could harm Romania's image as a new member of the European Union by showing that the authorities rigged the vote. Still, Basescu and the Social Democrats praised the ruling and analysts said it showed the court took the allegations of fraud seriously. "It is a resolution that makes everyone happy. It is a nod to the president and the opposition thinks there is an independent justice system. But nothing really changes; the uncertainty continues," said Emil Hurezeanu, a political analyst. The Social Democratic spokesman Bogdan Niculescu Duvaz said the decision was "a good step in clarifying the fraud in elections." Duvaz called for recount of the 140,000 votes cast abroad where Basescu scored about 80 percent to Geoana's 20 percent. Duvaz alleged that consulates abroad were fabricating data to support the results. A member of the party, lawmaker Catalin Voicu, was briefly detained early Friday near his home by an anti-corruption brigade, the party said. Voicu was later released and said he was detained for reasons unconnected to the elections. The instability led the European Union and the International Monetary Fund to freeze a multibillion-euro loan until a new government is in place. The IMF will arrive in Bucharest next week for talks with the interim Finance Minister Gheorghe

Pogea and other officials about the 2010 budget. Uncertainty over the election results only exacerbates Romania's ills. The country is facing a severe economic downturn and has been mired in political instability since a Parliamentary no-confidence vote toppled the government in October.

BUCHAREST, Romania -- The Central Electoral Bureau on Wednesday (December 9th) announced the final results of Sunday's presidential run-off. Incumbent Traian Basescu of the Liberal Democratic Party (PDL) won re-election with 50.33% of the vote, just ahead of rival Mircea Geoana who garnered 49.66%. Turnout was 58%. Geoana, leader of the Social Democratic Party (PSD), has contested the returns and is awaiting a ruling by the Constitutional Court. Basescu on Wednesday urged reconciliation and the quick formation of a new government, given pressing economic issues. His PDL has formally invited the National Liberal Party (PNL) to start consultations on forming a new government, though the PNL recently helped take down the PDL's previous government in a no-confidence vote.

Kosovo...THE HAGUE, Netherlands -- Bolivia and Brazil went on the record Friday (December 4th) as saying Kosovo's unilateral declaration of independence contradicts international law. Representatives of the two countries spoke at The Hague-based International Court of Justice (ICJ) in hearings on the matter initiated by Serbia. Bolivia and Brazil warned that Kosovo's secession would have long-term consequences and would create a dangerous precedent in international relations. Representatives for Bulgaria and Burundi spoke on Friday in support of Pristina's move, arguing that it does not violate international law, nor does it break UN Security Council Resolution 1244. They maintain that regardless of the final ruling by the ICJ, Kosovo will continue to be an independent legal entity. Hearings continue all week.

THE HAGUE, Netherlands -- Representatives of China will present arguments against Kosovo's unilateral declaration of independence at the Hague-based International Court of Justice (ICJ) on Monday (December 7th). UN Security Council Resolution 1244 is a political and legal base for settling Kosovo's status, Beijing maintains in its written statement to the court. China is a permanent member of the UN, as are Russia and the United States, which will also present their positions this week. The hearings, initiated by Serbia, started on December 1st.

THE HAGUE, the Netherlands -- Hearings at the International Court of Justice (ICJ) on the legality of Kosovo's 2008 declaration of independence ended on Friday (December 11th) with Vietnam and Venezuela presenting their arguments. Both countries agree with Serbia, saying that Kosovo's independence is illegal according to international law and that it violates UN Security Council Resolution 1244. On Thursday, Romania made that same case, while Britain and the Netherlands supported Kosovo's independence. "Serbia wants to turn back the time at the ICJ, but such a thing cannot happen," the British representative said. Most critics fear that Kosovo sets a precedent for other separatists around the world. In all, 36 states have filed written or verbal arguments regarding the case.

PRISTINA, Kosovo -- NATO's Supreme Allied Commander Europe Admiral James Stavridis said in Pristina on Wednesday (December 9th) that the number of KFOR troops will be reduced from about 14,000 to 10,000 by the end of January. Stavridis added that this decision was based on progress Kosovo has made over the past year. "This indicates that the country is moving forward," he said. According to Stavridis, Kosovo should serve as an example to other countries in which NATO troops are deployed.

BELGRADE, Serbia -- The Netherlands will agree to the European Commission's (EC) proposal to unblock the interim trade agreement with Serbia, Henk Jan Ormel, chairman of the foreign affairs committee of the Dutch lower house, was quoted as saying Friday (December 4th). Parliament, he suggested, views the latest report by UN war crimes tribunal chief prosecutor Serge Brammertz as positive and had earlier authorised Foreign Minister Maxime Verhagen to vote to implement the interim accord in such case. Ormel also said he is optimistic that another positive report by Brammertz in June would convince the Netherlands to allow for the ratification of Serbia's Stabilisation and Association Agreement (SAA) to begin. He added however that he believes Serbia should not hurry to submit an EU membership application before the whole SAA is unblocked.

ZAGREB, Croatia -- Prosecutors announced on Friday (December 4th) charges against ten military officers -- including four generals with the former Yugoslav National Army (JNA) -- in connection with the 1991-1995 Serb-Croat conflict. The ten are accused of war crimes and destruction of cultural and historic monuments in Dubrovnik. The four former generals are Jevrem Kokic, Milan Ruzinovski, Pavle Strugar and Branko Stanovic. Strugar has already completed a prison sentence at The Hague for his involvement in the bombing of Dubrovnik.

SOFIA, Bulgaria -- The parliamentary caucus of the Order, Law, Justice (RZS) party fell apart Friday (December 4th) after one of its lawmakers, Mario Tagarinski, said he was leaving the group. The RZS, which had ten members, the minimum for forming a parliamentary group, now drops below that threshold. Tagarinski hasn't explained his decision, but the RZS says he was "bought" to deal a blow to the party after it warned recently against what it described as a new "coalition" between the ruling party, GERB, and President Georgi Parvanov of the Bulgarian Socialist Party.

SARAJEVO, Bosnia and Herzegovina (BiH) -- An expert team from the European Commission (EC) kicks off a visit to Sarajevo on Monday (December 7th) to assess progress in meeting conditions BiH's visa liberalisation road map. The experts will spend several days verifying the functionality of the system for issuing biometric passports and securing identification documents.

PODGORICA, Montenegro -- Serbia is asking Montenegro to refrain from establishing diplomatic relations with Pristina until The Hague-based International Court of Justice (ICJ) decides on Kosovo's unilateral declaration of independence, local media reported on Sunday (December 6th). Serbian Ambassador to Podgorica Zoran Lutovac is

said to have made the request during a meeting with local officials at the Montenegrin Foreign Ministry headquarters. Podgorica says the establishment of foreign relations has not happened so far due to technical reasons. Prime Minister Milo Djukanovic has said his country would re-evaluate its decision to recognise Kosovo if the ICJ rules that the unilateral independence declaration was illegal, adding however, he doubts this will happen.

PODGORICA, Montenegro -- The answers to the European Commission's (EC) lengthy questionnaire have been translated and will be delivered to Brussels by Prime Minister Milo Djukanovic on Wednesday (December 9th), European Integration Minister Gordana Djurovic said on Saturday. She added that the answers will be made public once the consulting process is over and the country has responded to any additional questions from the EC. Djurovic pointed out that several thousand state officials, local and foreign experts helped prepare the answers. Based on Podgorica's responses to more than 2,100 questions, the EU will assess its readiness for membership. Montenegro hopes to obtain candidate status next year and launch accession talks by 2011.

BRUSSELS, Belgium -- Montenegrin Prime Minister Milo Djukanovic gave EU Enlargement Commissioner Olli Rehn the answers to the European Commission's (EC) lengthy membership questionnaire Wednesday (December 9th). Djukanovic described it as making "major headway" on the country's road to a European future. Montenegro also recently obtained visa-free travel to EU countries and a NATO Membership Action Plan. Rehn said that the EC will give a fair and objective assessment to Podgorica's 2,100 answers.

TIRANA, Albania -- OSCE Ambassador to Tirana Robert Bosch says corruption in Albania is worrying and is a barrier to EU integration. Speaking at a conference organised by the OSCE on Wednesday (December 9th), Bosch said that corruption has spread into many sectors, adding the lack of transparency is evident, especially in terms of political party financing. "Although the Electoral Code requires that the Central Election Commission collects political party financial declarations, it lacks the proper tools to investigate the funding sources, and there is also no reporting obligation for private sector donations," said Bosch. "Corruption lowers tax revenues, inflating the costs of public services, distorting private sector competition and, in its ugliest manifestation, condemning vulnerable groups to poverty," he added.

Macedonia. BERLIN, Germany -- Macedonian Prime Minister Nikola Gruevski urged the EU on Wednesday (December 9th) not to forget the Western Balkans, including his country. He made the request at the European People's Party (EPP) congress in Bonn. Gruevski reaffirmed that talks between Macedonia and Greece on their long-standing name dispute will continue. EU foreign ministers recently decided to postpone discussions about a launch date for Macedonia's accession talks until next year, disappointing Skopje.

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## **Argentina**

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## **Report Summary/Argentina**

The former president of Argentina, Kirchner and the husband of the current president of Argentina Cristina Fernandez is again reactivating himself in the legislation.

According to a political analyst of Argentina, he again wants to see his Peronist Party ruling and he wants to win the next presidential election of 2011 at every cost. For this purpose he will come in congress and take the members of the parliament in confidence. But it is said that he is not much favorable person among the people and the members.

Mercosur, which is a trade block of South American countries, condemned the election in Honduras and called them illegal and illegitimate. They made a statement that this is the violation of human rights as the peoples' will is bypassed and it is against the freedom of Honduras people. This statement was signed a few days ago in a Mercosur summit in Montevideo by Argentina, Brazil, Venezuela, Uruguay and Paraguay while the U.S., Panama and Costa Rica have recognized the elections and asked other countries of the region to accept the elections to stop the anarchy. And recently the president of Argentina Cristina Fernandez has been nominated as the president of Mercosur. The case regarding Venezuela's entry in Mercosur was delayed by Brazil's legislator which is now going to be discussed again in Brazil's Congress tomorrow while Argentina was fully supporting Venezuela's entry into Mercosur.

Argentina and Brazil which are the two major powers of the region are drifting on their economic and political issues. Brazil was Argentina's large trading partner but now they are keeping distance. The political system of both countries is also a hurdle in it as Argentina is having an isolationist and somehow confrontational policies while Brazil's government is a moderate leftist government. So their political and economic agenda also differs from each other which widened the difference between them.

Analysts says that the weak political system of Argentina is a hurdle in increasing its influence as the bad relations between the government and farmers have worsen the trade relations between Argentina and Brazil while on the other hand Brazil is increasing its influence in international arena as China, Russia and India are its big trading partners and also it is recovering itself from financial crises rapidly, also on regional it is playing a key role in the regional integration.

### **Report Summary/Brazil**

It was considered that Brazil may recognize Honduras' elections as one of its top official said that the coup is the separate matter than the deposition of Zelaya which created doubts in peoples' mind. But the president Silva has spoken harshly against the coup in his speech and claimed that the Latin America's biggest economy would not recognize the Honduras' elections and after a few days again Marcelo Baumbach, who is the presidential spokesman made a statement that Brazil will not recognize the Honduras' elections. Also the president of Argentina spoke against the coup, the recent elections and even declared it illegitimate and she said that Argentina also will not recognize Honduras' elections. While USA has recognized the elections in Honduras along with its regional strategic partners as Costa Rica and Uruguay. There are five countries in Latin America which did not recognize the Honduras elections that are Brazil, Argentina, Uruguay, Paraguay and Venezuela.

The foreign minister of Brazil Celso Amorim made a speech at Montevideo, where he went to attend Mercosur's 38th Summit and said that there is no doubt that Brazil couldn't achieve its goal in Honduras as it wanted the restoration of Zelaya but it achieved much which will give benefit to the people of Honduras in future which is a long term benefit. The ousted president of Honduras is residing in Brazilian embassy in

Honduras' capital and he said he will stay there till the time Brazilian government allows him to stay there. He said he will talk to the newly elected president of Honduras about the issue. And the newly elected president Mr. Lobo is visiting some of the Latin American countries who didn't support his government and even those who are favoring his elections as Costa Rica, Panama and Peru.

The Brazilian diplomats believe that Brazilian government is expanding its relations with Iranian government and the recent visit of Foreign Minister, Celso Amorim, to the Iranian city of Isfahan is actually the arrangement of Brazilian president's visit in Iran in April 2010. Silva is supporting Iran's nuclear program by arguing that it is for peaceful purposes as to create energy just like Brazil, not for military purposes but according to the IAEA its nuclear program is for military purposes. Brazil is in favor of negotiations with Iran rather than international sanctions and pressure. Silva said in a speech during his recent visit to the European countries that the world powers who are increasing pressure on Iran's nuclear program, it is morally good for them that first they should get rid of their nuclear program then talk of the sanctions on Iran's nuclear program.

According to the foreign ministry of Brazil, Brazil and Germany stressed on political dialogue by action plan of the strategic alliance on world administration, climate change, disarmament, defense and sustainable development, among other affairs. Both Silva and Merkel said that UNSC is not as much effective as G-20 to bring the countries out of financial crises and its role is important in regulating the financial market. Both of the leaders showed their interest in the integration of MERCOSUR-European Union Integration Agreement and a successful end of UN climate change conference which is going to be held at Copenhagen, Denmark. Two of the Brazilian officials also visited Germany with the president and they will not come back with the president but they will stay there to get the treatment of swine flu as they have been infected by it.

150 protesters including students and some other peoples entered into the building of Brazilian Federal District and demanded the resignation of the Governor and Vice Governor Paulo Octavio who are alleged of corruption, while 60 remained there and said they will not move from the building till the time both of the officials do not leave their posts but later police had to disperse them. Both the governor and his vice are shown taking bribes in a video clip which annoyed the people and triggered protest.

The president of Brazil said during the presidential summit of Mercosur that Brazil's congress will approve Venezuela's entry into Mercosur. Chávez is trying to be the member of Mercosur since one year and he urged the Paraguayan Congress to approve its entry into the bloc. Venezuela requires the approval from the congress of Argentina, Brazil, Paraguay and Uruguay and also the consent of their countries.

According to a survey, Lula's popularity increased among the people of Brazil as he recovered the country's economy in a good way, but on the other hand Dilma Rousseff, who is seen always with Lula and he is the new presidential candidate after Lula could not get much benefit of it as just 17% of those were surveyed said that they favor her. The reason increased his popularity is due to consumer's confidence as 92% survey people said that they were expecting good or very good for the next year. Brazil's economy is expected to grow 0.2% this year and 5% in next year. And also a report given by the Centre for Economics and Business Research Britain will be out of top ten economies in 2015 while five major economies would be as Canada, India, Russia and



China but Economist report shows that Brazil will also be among the world's seven largest economies as it is enjoying a democratic rule, deep water oil shores, a broad land of world's largest fresh waters, world's largest forest area and even its farmers harvest three fertile in a year.

Brazilian police raided against the illegal ranchers and loggers in the Amazon area and captured them. Most of them belong to the cattle industry of Brazil which is a large industry and causing affect in the environment most by cutting the forests. By the cattle industry, Brazil exports beef as \$5.3 billion each year. Major importers of Brazilian beef products include Russia, China, Iran and the United States, as well as Britain and Italy. Brazil is trying to meet its 2020 target on reducing deforestation from 2005 i.e. 20% but the environmental minister of Brazil said that it may reduce the deforestation till 90% in next ten years, means till 2020 and some are doubtful about it as it is a hard work to do in this time period. According to some researchers of Brazil, Brazil has as vast area that it can expand its cattle ranching without chopping down a tree and can increase its beef production double or triple.

Ranchers of Amazon are complaining against the government that first they were brought by the government in the region to chop down the trees in 1970 but now the government itself raiding against them and the captured ranchers are not being release on bail. They say their cattle in this region are 11 million which are triple than the numbers of human beings and due to them cows have taken place of jaguars. They were threatening to the government by saying that they will burn the police vehicles and go against the government.

### **Report Summary/Mexico**

The governor general of Canada is paying a visit to Mexico, the Republic of Guatemala and the Republic of Costa Rica with the leaders of nine Canadian delegates where they will meet their counterparts of civil society and share the topics of their mutual interests. The delegates will share in fields of diversity, arts and culture, civic engagement and youth of the society. Also the governor general is going to meet the Mexican president and both of them will talk to increase the security issues and economic co-operation.

The governor is visiting in the season of tensions between both of the countries. Tension started few months ago in July when Canadian government refused to issue the visas to the Mexican visitors. Harper, the president of Canada said that we have stop issuing the visas to the Mexican because they want refugee status in Canada. Meanwhile, in the eve of governors' visit, three men of the Canadian mining company killed a Mexican activist and charged of sentence. Many protestors gathered before the Canadian embassy at Mexico City and did the demonstration there. This also happened in the state where the governor is visiting. Almost 230 mining companies are working in Canada, some of them are producing gold, silver, lead and other minerals including barite, which is used in oil and gas exploration and almost 200 are involve in exploration.

Mexico has closed its all three oil ports as a wave of cold weather came into the region along with winds and now Mexico's exports are closed. But after a few days Mexican government opened two of its oil ports but the third one is still close due to the weather effect. It is said that the port closures are common in Mexico due to the weather

coldness. Mexico is the largest oil exporter to the United States and due to it the state oil company Pemex has to face an oil shortage as it has limited oil storage.

A survey report of Reforma newspaper shows the downfall in the reputation of Mexican president Calderon as a few months ago he was getting the favor of 52% people of the country but in a recent survey the number of people has reduced and 16% people from that 52% got their favor back. This is a huge difference which decreased within few months. Calderon is running the country since 6 years but the downfall in Mexico's economy is really not good. Now to control the country's economy the government is increasing the tax on various things of common use and now the government has increased the rates of Mexican subway.

The U.S. Consulate General in Hermosillo has issued a travel alert for Americans in Mexico. Many cases have been happened with the locals and foreigners in which people are snatched their money and jewelry and if they resist, they are shoot. So the United State government consulate has warned their citizens not to travel at night but day time and not to keep huge amount of money, their jewelry and other valuables with them but if in any case any mishap happen to them, they are advised to contact on the given numbers to register their complaint.

Since the time U.S president Obama took his office, the relations between Mexico and USA has increased. US government has signed many agreements with the Mexican government related to its security and trade issues. The US government provided a huge amount to the Mexican government to secure its border by creating a border wall and provided different helpful equipments as scanners, new weapons and security cameras to install at US-Mexican border. The president of Mexico is very committed on his war against drug cartels and he intensified the war to counter them which have developed their network till the North of America. And according to an estimate almost 13,000 people have been victims of this war and 7,000 are the victims of this year.

A hot debate was held on a hot topic of Mexican drug war in which thousands of the people have been lost their lives. This debate was held among the academicians and scholars of different institutes. These academicians talk on "is US responsible of Mexican drug war?". Three debaters favored that US is responsible of Mexican drug war while three went against it. The guys who were favoring that US is responsible because US has a big market of drugs and they are demanding of it and also the weapon is coming to Mexico from US while the guys who were against it because the Mexican government promote the culture of corruption.

Before the debate a survey was conducted among the audience at New York University's Skirball Center for the Performing Arts voted 43 percent in favor of US involvement while 22 percent against and 35 percent were undecided. But after the debate 72 percent agreed that "America Is To Blame For Mexico's Drug War" while 22 percent remained against and 6 percent were still undecided.

Turkish prime minister is visiting Mexico just after his visit to U.S. He plans to meet with the president of Mexico and then both of them will hold a press conference. Then the Turkish president will visit an Ottoman colonial watchtower in Mexico City and then he will deliver a speech to the Mexican Foreign Ministry Diplomacy Academy.

According to an estimate almost 1.4 million people are traveling in subway per year as tourists are visiting Mexico and most of them are from United States but since the time Calderon took action against drug cartels, they also started killing of the common

people in different states of Mexico which is a big challenge for the government and most important issue. Also the pandemic A/H1N1 has been a great challenge for the government and now tourists are also not turning to Mexico which was a big source of Mexico's economy. Now fear is this that due to all these crises and expensiveness of the common things people can protest against it.

### **Detailed Report/Argentina**

Former Argentine leader Nestor Kirchner hopes his new role as a congressman will propel him back to the presidency, but even if he can make deals in Congress, he will find it hard to win back voters. Kirchner is widely seen as running the country jointly with his wife, President Cristina Fernandez, and was sworn in as a lawmaker this week. He will try to use the position to forge pacts and divide rivals before the next election. What he really wants is to define the rules of play for the 2011 election. His top objective is to be candidate for the presidency," said Roberto Starke, a political analyst at the Info media consulting firm. "In terms of debate, his participation in Congress will be minimal or practically zero," he added.

Kirchner, 59, oversaw a dramatic recovery in Latin America's No. 3 economy between 2003 and 2007 but has seen his popularity slide in tandem with his wife's since late 2007. They have increased state control over the economy and angered some business leaders and farmers with price controls and export curbs. Their political faction suffered a sharp defeat in a June mid-term vote, losing the majority in both houses of Congress that helped them to push through controversial measures such as last year's pensions takeover and a recent media reform.

Kirchner's first day in Congress on Thursday augured tough times as his allies were forced to cede control of all the lower house's committees and the vice presidency of the chamber even though they represent the biggest single bloc. "We showed the government and Nestor Kirchner that the rules have changed," said opposition deputy Esteban Bullrich, a member of the center-right PRO party.

Outside Congress, several hundred pro-government supporters waving "Kirchner 2011" banners cheered as the former leader was sworn in, but Kirchner's biggest challenge may lie in winning back public support. His popularity ratings have sunk to about 20 percent, according to a recent opinion poll by the Management & Fit polling group, similar to that of his wife. Voters became increasingly disillusioned with the power couple's confrontational style following a messy conflict with farmers last year, and a worsening economic outlook contributed to their drubbing at the polls in June.

Under Argentina's proportional voting system, Kirchner won a seat for Buenos Aires province, home to more than a third of the population, even though his slate of candidates came in second behind dissident Peronist rivals. Kirchner's goal is to become the only presidential candidate for the fractured Peronist party in two years, but he faces an uphill struggle.

The Kirchners may struggle to raise welfare benefits and state pensions as tax income lags and debt payments mount in 2010, another tight financing year - making it even harder for them to reverse the decline in popular backing. But despite dire warnings from the opposition since June's election, the presidential pair has managed to push through a series of measures aimed at shoring up their administration.

Even if their combative approach has not endeared them with disillusioned voters, it has exposed gaping divisions within opposition ranks. "Kirchner is rebuilding power very efficiently but to do so has sacrificed consensus," said Rosendo Fraga, political analyst and director of the Union for a New Majority Studies Center think-tank. "People don't accept or want his style of permanent conflict." – Reuters

Dec. 8 (Bloomberg) -- Mercosur, the South American trade bloc led by Brazil and Argentina, condemned the "illegitimate and illegal" elections in Honduras after the interim government and congress failed to restore ousted President Manuel Zelaya.

The bloc issued a statement noting "its strongest condemnation of the coup in Honduras" and saying it considers "the grave violations of human rights and fundamental freedoms against the Honduran people unacceptable." The statement was signed today by the leaders of Argentina, Brazil, Venezuela, Uruguay and Paraguay at a Mercosur summit in Montevideo.

Venezuelan President Hugo Chavez, speaking earlier, said the only resolution to the nearly six-month political crisis was to have new elections under Zelaya, who was deposed at gunpoint and forced out of Honduras in late June after the Supreme Court ruled his bid to change the constitution was illegal.

The crisis has divided Latin American nations from each other and the U.S. since Honduras held presidential elections last month, making it harder for U.S. President Barack Obama to improve ties with the country's southern neighbors. The U.S., Panama and Costa Rica have said the elections should be recognized as a step toward restoring democracy.

"Illegitimate and Illegal"

"In light of the failure to restore President Jose Manuel Zelaya to the position for which he was democratically elected by the Honduran people, we want to express our total lack of recognition for the Nov. 29 elections held by the de facto government, which were undertaken in an unconstitutional, illegitimate and illegal atmosphere," the statement said.

Porfirio Lobo, a 61-year-old cattle rancher from the National Party, won the election. The dispute has cost Honduras as much as \$200 million in lost investment since Zelaya's overthrow, according to Jesus Canahuati, vice president of the Business Council of Latin America in Honduras.

The country also lost more than \$200 million in frozen international aid and loans.

Venezuela, which has been pursuing Mercosur membership for most of this decade, may win approval from Brazil as early as tomorrow, when the Brazilian Senate is due to vote on its membership, President Luiz Inacio Lula da Silva said during the summit today. Chavez sparked laughter among the leaders by greeting the news with the Arabic phrase for "God willing."

That would leave only Paraguay's approval to complete the process.

The bloc said in a separate statement that it wants to accelerate talks with the European Union over a possible free-trade agreement. Argentine President Cristina Fernandez de Kirchner, who has the rotating leadership of Mercosur, said an accord could be reached as soon as May.

Argentina and Brazil, once joint pioneers of South American integration, are drifting apart, a gap that leaves Argentina with far more to lose. South America's two largest economies are increasingly in conflict over trade and even politics. That could

hurt Argentina at a time when it should be benefiting from a vigorous economic rebound in Brazil, its biggest trading partner. Brazil, led by a moderate leftist who has turned the country into a model of stability, is seeking a greater role on the global stage while Argentina, led by a more isolationist and confrontational leader, continues to suffer fallout from its massive 2001/2002 debt default.

Argentine President Cristina Fernandez and Brazilian President Luiz Inacio Lula da Silva will meet on Tuesday in Montevideo during a regular summit of members of the Mercosur trade block. They are not expected to be able to resolve recent trade disputes. "Their political and economic agendas are simply very different now than what they used to be when the Mercosur trade bloc was being formed," said Riordan Roett, director of the Latin America program at Johns Hopkins School of Advanced International Studies in Washington.

Argentina remains shut out of global markets because it has not reached an agreement with all of the holders of its defaulted debt or allowed the International Monetary Fund to conduct regular economic reviews. "While Brazil is trying to consolidate its position in the international arena among the world's major players, Argentina is still at odds with debt holders, the IMF and its very own farmers," he said.

Mercosur's origins date back to the 1980s when Brazil and Argentina pursued regional trade integration and even proposed creating a regional trade currency, "the Gaucho". Founded in 1991, Mercosur - made up of full members Brazil, Argentina, Uruguay and Paraguay - has seen internal rifts over trade policy, largely between its two largest members. A recent dispute over trade licenses nearly stopped the flow of fruits and grains between Brazil and Argentina, and the two presidents were not able to resolve the issue in a meeting last month in Brazil.

Trucks were held up at the border - as both countries made it harder to import certain goods - and the conflict cost one sector of Argentina's fruit growers alone about \$300,000 a day, according to industry estimates. The Mercosur summit - which also includes associate members Bolivia, Chile, Colombia, Ecuador and Peru - may even drive further apart the two biggest members, Argentina and Brazil.

Argentina would like to bring Venezuela and its firebrand leftist president Hugo Chavez into Mercosur, while the proposal has been delayed in Brazil's parliament as well as in Paraguay. Chavez is also expected to attend the Montevideo meeting. "A trade problem is becoming a diplomatic one," said Jorge Todesca, former vice economy minister for Argentina in 2002 and now a consultant at Finsoport in Buenos Aires. "Relations ... have slid into a highly confrontational ground," he added.

Once on equal footing with Argentina, Brazil has stepped up the world economic ladder. Its leading commercial partner is now China and it has aggressively pursued trade elsewhere in Asia, Africa and Russia. Meanwhile in Argentina, Fernandez's administration has been marked by conflicts with farmers over export taxes, and the adoption of some protectionist measures has placed the country at odds with other Mercosur partners such as Uruguay.

Senior analysts at Moody's Investors Services said last month in Buenos Aires that lack of political stability is one of the main factors weighing on the outlook for Argentina's credit ratings. Trade between the two countries plunged almost 32 percent to \$16.2 billion in the first nine months of this year, compared with the same period of 2008. Brazil's economy is bouncing back quickly from the global recession and growing

demand for cars and auto parts has been a major source of support for the Argentine industry.

But analysts say there is a risk that Argentine restrictions on trade could keep it from fully taking advantage of Brazilian demand. "Every dispute between Brazil and Argentina always start poorly and may even turn ugly," said Marcos Azambuja, a former Brazil ambassador to Argentina between 1992-1997 and now vice-president of the Rio de Janeiro-based foreign policy think tank Cebri. "But in the end, the two countries always come to a compromise. Neither Argentina nor Brazil can afford the luxury of being seriously at odds with each other," he said. – Reuters

Montevideo, Dec. 8 (Xinhua) -- Argentine President Cristina Fernandez took over the rotating presidency of the Southern Common Market (Mercosur) on Tuesday, vowing to boost the bloc's ties with the European Union (EU).

Fernandez took over from Uruguayan President Tabare Vazquez at the 38th Mercosur summit. She will lead the block for six months.

Mercosur, founded in 1991, is a trade bloc grouping Argentina, Brazil, Paraguay and Uruguay.

### **Detailed Report/Brazil**

Sao Paulo (Reuters) - A top Brazilian official said the presidential election in Honduras should be considered separately from the June coup, the first indication that Brazil may recognize the candidate who won the Sunday election.

Brazilian President Luiz Inacio Lula da Silva and his Venezuelan and Argentine counterparts have condemned the de facto government of Roberto Micheletti, who came to power after President Manuel Zelaya was ousted by a coup in June.

Lula has also said his country, Latin America's biggest economy, would not recognize president-elect Porfirio Lobo unless Zelaya were reinstated to serve out his term.

Dilma Rousseff, Lula's chief of staff, said until now Brazil has been concerned mainly with the return of Zelaya to power and the condemnation of the coup and the de facto government.

"The coup is one thing. Discussing (the election) is another thing ... I think that this new process will have to be considered," Rousseff told Brazil's Globo television network late on Friday.

Rousseff, who Lula hopes will replace him after the October 2010 presidential election, was speaking from a train in Germany as the Brazilian delegation headed to climate talks in Copenhagen.

Zelaya has been holed up in the Brazilian embassy in Tegucigalpa since he secretly returned from exile in September.

The United States has said Lobo's election was carried out in an open and transparent manner.

The stance has split the United States from Latin American powers like Brazil and Argentina that say it is impossible to recognize an election organized by a de facto government.

Honduras remains deeply divided by the coup. Zelaya supporters organize protests in the capital almost everyday, although their numbers have dwindled since Micheletti cracked down on marches and pro-Zelaya media outlets.

Tegucigalpa (Reuters) - Honduras' deposed President Manuel Zelaya said on Sunday that he would stay in the Brazilian embassy in the Honduran capital for as long as Brasilia allowed him to and that he would be willing to talk to the new president-elect.

Leftist Zelaya, who was ousted by the army in a coup on June 28, slipped back into Honduras in September and took refuge in the Brazilian embassy in Tegucigalpa, from where he has been demanding his reinstatement.

The United States and Brazil have been pushing for Zelaya's return to power but his fate remains uncertain after the Honduran Congress voted on Wednesday not to allow him to finish his term that ends in January.

"As long as I have Brazil's support, I will be here," Zelaya told Reuters by telephone from the embassy, which is ringed by Honduran soldiers around the clock.

Opposition candidate Porfirio Lobo won a presidential vote last weekend and could allow Honduras, which is suffering from an aid freeze following the coup, to overcome the five-month crisis.

Regional power Brazil has said it does not recognize the election because it was organized by the de-facto government. But it signaled late on Friday it may consider Lobo's victory as separate from the coup and potentially legitimate.

Zelaya has also rejected the elections as a sham, but told Reuters he did not rule out talking to Lobo, a sign that he too may be willing to compromise.

"I am a democrat ... I always talk," he said when asked about holding talks with Lobo.

Brazilian diplomats believe that the administration of president Luiz Inácio Lula da Silva plans to expand Brazil government's outward signs of support and solidarity to Iranian President, Mahmoud Ahmadinejad.

According to them, last week's visit of Brazil's Foreign Minister, Celso Amorim, to the Iranian city of Isfahan to arrange Lula's visit to Teheran is just another proof of the Brazilian leader's intention.

Amorim's talks in Iran spelled out the details of Lula's trip to Tehran, which should occur on or before April 2010. The minister also spoke of the Brazilian commitment to intensify trade and technology exchange with Iran.

Countering the criticism levied against Brasilia, the Brazilian negotiators say the Lula administration doesn't fear that the Iran-Brazil relationship will be used as currency by the Iranians to seek new opportunities in the international political scenario.

Amorim's initiative, say these diplomats involved with the negotiations, show that Brazil is in favor of opening a dialogue with Iran. According to Lula's interlocutors, the Brazilian government wants to show it supports Iran's nuclear program including uranium enrichment, as long as used for peaceful purposes.

In recent days, Lula put the matter on the agenda in several bilateral talks he held with European leaders. According to the diplomats, it is necessary to make room for the Iranians so they can show and prove that their nuclear program doesn't need to be object of suspicion.

However, on November 27, the International Atomic Energy Agency (IAEA) passed a resolution reproaching the construction of a plant to enrich uranium because it suspects that Iran's nuclear program has military purposes.

In his trip to Brazil on November 23, Ahmadinejad has denied the charges and blamed the great powers for the complaints raising questions about the purpose of Iran's nuclear program.

The plants that are part of Iran's nuclear program have been subject to several inspections. Despite that, the Iranian government is accused of concealing the development of research and production of nuclear weapons.

Brasilia, Dec. 7 (Xinhua) -- About 60 protesters are still inside the legislative building of the Brazilian Federal District, although a local court ordered them on Monday to get out.

A court official cited lack of police manpower as the reason behind the failure to execute the court order.

"There are several protesters inside, and we need police support in order to perform the re-possession," said Valeria Dias, a court clerk.

Col. Armon, commander of the 3rd Military Police Battalion, explained that police were notified officially about the decision only on Monday and that they needed manpower to secure the surrounding streets as well as the federal building.

Some 150 protesters entered and occupied the federal legislative building on Dec. 2. They proclaimed they would only leave after Federal District Governor Jose Roberto Arruda and Vice Governor Paulo Octavio resign on corruption allegations.

Both and several other senior district officials were accused of being involved in a corruption scheme uncovered by a Federal Police operation code-named "Pandora's Box."

Alleged evidence included regular and frequent payment of bribes by entrepreneurs to officials since 2002. One video clip showed Arruda appearing to be taking bribes from his adviser Durval Barbosa.

The Federal District accommodates Brazil's national capital city of Brasilia and though not a full state in its own right, the district shares some characteristics of a state.

Brasilia, Dec. 7 (Xinhua) -- The Brazilian president has demonstrated his support for his Iranian counterpart through the Brazilian foreign minister's recent visit, diplomats said on Monday.

Speaking on condition of anonymity, these Brazilian diplomats who accompanied Foreign Minister Celso Amorim to Iran said that the visit to Isfahan last week indicated that Brazil is in favor of dialogue with Iran.

The diplomats said that President Luiz Inacio Lula da Silva wanted to show the Brazilian government's support for Iran's nuclear program and uranium enrichment for peaceful purposes.

They added the government was not afraid the Brazil-Iran relationship was being used by the Iranians to get out of the ongoing stalemate.

The Brazilian president addressed the topic in his talks with European leaders during his recent visit. Lula believed that it is necessary to give Iranians the chance to prove that their nuclear production furnishes no grounds for suspicion.

President Lula argued that in order to have the moral authority to demand that Iran dispose of its alleged nuclear weapons program, countries with nuclear weapons must get rid of their own nuclear arsenals as well.

"It is important that those who have an arsenal let go of it, so that we will not have any more arguments," he said during a joint press conference with German Chancellor Angela Merkel.

During his visit to Brazil on Nov. 23, Iranian President Mahmoud Ahmadinejad blamed the world powers for raising doubts about the purpose of Iran's nuclear program.



The plants that are part of Iran's nuclear program have been subject to more inspections, and the Iranian government is under pressure from the international community, which is accusing it of concealing the development of research and production of nuclear weapons.

The Brazilian president also argued that since his country has a program of uranium enrichment for energy production, Iran should be allowed to have a similar program.

"The same things Brazil accepts for itself, it accepts for Iran," Lula said.

Brazil's Foreign minister, Celso Amorim, said this Monday, December 7, that while Zelaya has not been returned to the presidency, as Brazil wanted, the Brazilian government was able to facilitate the dialogue in that country.

"Maybe the dialogue has not produced all the results, but there was some dialogue that, maybe will allow, in the future, a reconciliation of the Honduran people and if Brazil hadn't provided shelter to President Zelaya, everything would be interrupted."

Amorim's statement was made at his arrival in Montevideo to attend Mercosur's 38th Summit.

According to the minister, Brazil is in no embarrassing situation for continuing to shelter Zelaya at the Brazilian embassy in Tegucigalpa. Instead, he said, Brazil reinforced the principle of democracy on the continent with its posture.

When asked if Brazil will continue sheltering Zelaya, when his mandate officially runs out at the end of next month, Amorim changed the subject and said that perhaps the situation will be solved before then.

Amorim was also asked if there is no contradiction in defending the return of Zelaya to power under the pretense of democracy, while supporting the Cuban political regime.

According to the Foreign minister, you cannot compare the two situations. "With regard to Cuba, there was a unanimous decision of the OAS (Organization of American States), which has withdrawn the suspension to Cuba. As for Honduras, there was a coup that took place recently, while the democratic charter that Honduras signed was fully in force, a coup that we condemned with all the other countries of the OAS. "

Brasilia, Brazil — Brazil's presidential spokesman has reiterated that the country does not plan to recognize the incoming Honduran administration and denied that Brazil's president and chief of staff have made contradictory statements about the Central American nation's elections.

Marcelo Baumbach said Monday that President Luiz Inacio Lula da Silva has made it clear he does not intend to recognize the outcome of Honduran elections that gave Porfirio Lobo the presidency after Manuel Zelaya was ousted and ended up holed up in the Brazilian Embassy there.

Baumbach made the comments three days after Brazilian presidential chief of staff Dilma Rousseff said Honduras' Nov. 29 elections 'will have to be considered.'

'One thing is dealing with the fact that there were elections and another is recognizing the legitimacy of the elections,' Baumbach told reporters. 'And for now, Brazil does not recognize that legitimacy.'

'The president's position is clear,' Baumbach said. 'Brazil does not intend to recognize a government elected in a process that was organized by an illegitimate government.'

Honduran activists last week ended months of daily protests demanding the reinstatement of their president since he was ousted in a June coup, saying they were moving on now that Congress has voted to keep Manuel Zelaya out of office.

Lobo has said that when he takes office in January, he will finally end the political crisis that has isolated one of Latin America's poorest countries.

Some countries, including the United States, have recognized Lobo's election. But others, including Brazil, Bolivia and Argentina, say they won't unless Zelaya is restored to office.

Brazil to Delay Oil Licenses Auction on Environment Concerns Share Business Exchange

Dec. 8 (Bloomberg) -- Brazil will delay an 11th round of bidding for oil-exploration licenses because of concerns that production in the area may harm the environment, Marcio Zimmermann, the Energy Ministry's executive secretary, said.

The government will likely hold the auctions, which don't include blocks in the so-called pre-salt area, in the beginning of next year, he told reporters in Brasilia today.

Brazil will also maintain the suspension of licenses for pre-salt offshore fields granted in an eighth round of bidding until new rules for exploration in the region are voted on in Congress.

Brasilia, Dec. 8 (Xinhua) -- About 60 protesters who had occupied the legislative building of the Brazilian Federal District for a week were removed by police from the site on Tuesday.

The rally group, composed mostly of students, was protesting against Federal District Governor Jose Roberto Arruda and demanded his removal from the post, as Arruda had been accused by the Brazilian Federal Police of being involved in a complex net of corruption.

The local court issued the eviction order on Monday, and some of the demonstrators were removed from the site by the police with two buses.

Some 150 protesters entered and occupied the federal legislative building on Dec. 2, proclaiming they would only leave after Arruda and Vice Governor Paulo Octavio resign on corruption allegations.

Arruda and some other senior officials were discovered to have taken bribes by an investigation code-named "Pandora's Box" carried out by the Federal Police.

Alleged evidence included regular and frequent payment of bribes by entrepreneurs to officials since 2002. One video clip showed Arruda appearing to be taking bribes from his adviser Durval Barbosa.

The Federal District accommodates Brazil's national capital city of Brasilia and though not a full state in its own right, the district has some characteristics of a state.

The Brazilian Senate will approve on Wednesday the accession of Venezuela into the Common Market of the South (Mercosur) said on Tuesday Brazilian President Luiz Inácio Lula Da Silva, during the presidential summit of the bloc.

The announcement was welcomed by Venezuelan President Hugo Chávez, who is also attending the meeting held in Montevideo. The presidents of Argentina, Uruguay and Paraguay are also participating in the meeting, DPA reported.

Chávez urged the Paraguayan Congress to approve the entry of his country to Mercosur, in order to become a full member of the bloc. Venezuela made this request "eleven years ago," Chávez recalled.

To become a full member of the bloc, a country needs the political will expressed by the presidents of Argentina, Brazil, Paraguay and Uruguay, which must be ratified by their respective congresses.

So far, Venezuela is only waiting for the decision of the Brazilian Senate, where the Chamber of Deputies has already approved Venezuela's entry, and the Paraguayan Congress.

"We hope that they approve a decision that benefits the entire region. As a result, Mercosur will reach the Caribbean and the Orinoco; it will become greater," Chávez said. He said, "A fifth star must be added to Mercosur flag."

"We think that there is still time to strengthen all these spaces. Notwithstanding the fact that Venezuela is or not a full member of Mercosur or is about to become a member, we will keep struggling for integration. We must fight to be united: On the contrary, we will be dominated. Full union makes strength," Chávez highlighted.

Brazil, Argentina, Uruguay, Paraguay and Venezuela are refusing to recognize the outcome of the recent presidential election in Honduras. The countries' presidents say the poll was illegal because it took place without Manuel Zelaya, the deposed president, being reinstated. The Honduran Senate had prevented the left-wing president from taking office again.

Mr. Zelaya was ousted by the army in June and sent into exile after he attempted to change the constitution to allow him to remain in office for an extended period. He returned secretly to Honduras in September and has since been sheltering in the Brazilian embassy in the capital, Tegucigalpa.

The presidential election was held at the end of November and was won by the centre-right candidate, Porfirio Lobo. The United States and the European Union say the poll represents a first step towards a solution to the political crisis in Honduras.

Mr. Lobo is visiting a number of Latin American countries, including Costa Rica and Panama, which support him as new Honduran president, as does Peru. He is calling for an amnesty for those who were involved in the June coup against Mr. Zelaya.

Mr. Lobo argues the move is needed to put an end once and for all to Honduras' political crisis. He believes, if an amnesty were in place, Mr. Zelaya would also be able to leave the Brazilian embassy in Tegucigalpa.

The only good thing to say about the visit to Brazil of Iran's president, Mahmoud Ahmadinejad, on Monday November 23, is that it was mercifully short and lasted less than 24 hours. Ahmadinejad had his picture taken being hugged by president Luiz Inácio Lula da Silva who gave him a warm welcome and said Iran had every right to develop nuclear energy for peaceful purposes.

However, Ahmadinejad obviously had more important things to do at home. He was also presumably planning the announcement made on Sunday November 29 that Iran would build 10 new nuclear power stations in response to a resolution by the International Atomic Energy Agency two days earlier that was critical of Iran for covering up a uranium enrichment plant.

The visit drew the world's attention and has perhaps taken some of the gloss off Lula's image on the international stage. Instead of showing some statesmanship and benefiting from the fact that Brazil has never threatened to expand its use of nuclear power, Lula appeared to be defending a tyrant whose election earlier this year is widely believed to have been rigged.

While the security forces in Iran were slaughtering dozens of the thousands of protesters, Lula was supporting Ahmadinejad's "victory". Furthermore, he insulted the opposition by

comparing them to disappointed football fans who refused to accept that their team had lost a game.

Lula's advisers were quick to point out that Lula would be using the visit to try and bring about peace in the Middle East. One of the few requests Brazil did make to the Iranians was that Ahmadinejad should tone down his verbal attacks on Israel and not deny the Holocaust. This he duly did but whether that can be seen as any kind of triumph is debatable. On the very day of the meeting, the Iranian army was testing long-range missiles and threatening to use them if attacked by Israel.

The Brazilian government also mentioned the fact that Lula had met Israel's President Shimon Peres and the leader of the Palestinian Authority, Mahmoud Abbas, separately during visits they had made to Brazil during the previous two weeks. Just what these meetings achieved is anyone's guess. Peres did not even get the chance to take part in a planned public discussion as his security team said the hotel where it was due to take place was not safe enough.

These visits certainly did not make Brazil's Jews feel that any breakthrough had been made. Although Lula has made a number of trips to the Middle East, he has not visited Israel in any official capacity during his two mandates. Nor has he given any sign that he intends doing so.

Having said that, Lula probably feels that he has made his point. He wants to be seen as a defender of developing countries and if many of them are unpleasant dictatorships like Iran tant pis. He wants to show the Western powers that their days of telling the rest of the world what to do are over.

He believes events like the international financial crisis, the wars in Iraq and Afghanistan, and the rise of China and India (along with Brazil) have broken the old model. He has pronounced the G-7 dead and has focused his efforts on trying to build alliances with countries in Africa, the Middle East, Asia and, of course, Latin America.

At the same time, Brazil has good relations with the developed countries and Lula is not as aggressive as Venezuela's maverick Hugo Chavez so he can easily reject any claims of being anti-Western.

However, if Lula wants Brazil to be respected more on the international stage, particularly in gaining a permanent seat on the UN Security Council, then cocking a snoot at world opinion is not the right way to go about it.

Brazil: Brazil and Germany have agreed to reinforce political dialogue based on the Action Plan of the Strategic Alliance on world administration, climate change, disarmament, defense and sustainable development, among other affairs.

The decision is contained in a joint release issued on Brazilian President Luiz Inacio Lula da Silva's meeting with German Chancellor Angela Merkel, by the Brazilian Foreign Ministry.

They reaffirmed that the reform of the UN, particularly the Security Council is a crucial element in the world government, and praised the G-20 role in the fight against the world crisis and the need to regulate financial markets. Lula and Merkel agreed to join efforts in the fight against protectionism, for the elimination of all forms distorting international trade, and for a successful Doha meeting.

In addition, the officials expressed their interest in resuming negotiations to reach a MERCOSUR-European Union Integration Agreement. During the Rio+20 Conference, a

decision must be made on the creation of a special organization, along with the UN, to protect the environment and sustainable development, they said.

Brazil and Germany are willing to contribute to a successful ending of the UN Conference on Climate Change, to begin next week in Copenhagen, Denmark, Lula and Merkel indicated.

After welcoming international efforts for disarmament, Lula and Merkel reiterated their support for multilateral instruments favoring the promotion and maintenance of international peace. Prensa Latina

Brasilia, Dec 7 (Reuters) - Brazil's recovering economy has boosted President Luiz Inacio Lula da Silva's popularity but done little to improve the prospects of his chosen candidate in next year's election, a poll showed on Monday.

Lula, whose stimulus package helped pull Brazil out of a recession in the second quarter of this year, returned to the high popularity he enjoyed before the global financial crisis, the Ibope poll showed.

His approval rating rose to 83 percent, compared with 81 percent three months ago and an all-time high of 84 percent in December of last year.

"There's been an improvement across the board, in terms of the Lula government's approval rating," Rafael Luchesi, operations director of the National Industry Confederation, or CNI, which published the poll, told a news conference.

The reason for Lula's support was a record level of consumer confidence, said Luchesi.

Of those polled, 92 percent said their expectations for next year were good or very good, the best level on record. Fifty-seven percent said they approved of the way Lula was handling Dilma Rousseff unemployment.

Lula's chosen candidate in next October's presidential race, chief of staff, did not benefit much from the improving economy.

Some 17 percent of those surveyed said they planned to vote for her, up just 2 points. Rousseff is still largely unknown, the poll showed, despite her frequent public appearances beside Lula.

Sao Paulo state Governor Jose Serra of the opposition PSDB party gained 3 percentage points, with 38 percent saying they intend to vote for the front-runner.

Lula by law cannot run for a third, consecutive term.

Brazil's economy, the largest in Latin America, is expected to grow 0.2 percent this year and 5 percent next year.

The survey polled 2,002 people from Nov. 26-30 and had a margin of error of plus or minus 2 percentage points.

Since 2005 Britain has dropped from fourth to seventh in the ranking of national economies. According to the Centre for Economics and Business Research, the country is set to drop out of the top ten by 2015 as Canada, India, Russia and China overtake. Much mournful commentary about the state of Britain, loss of prestige and influence is certain to follow.

But the economic impact may be less significant than the psychological and diplomatic impact, warned Douglas McWilliams, Chief Executive of the CEBR. "Even after the end of Empire, the world's political agenda continued to be set by people with broadly the same cultural framework as the British. But some of those who are increasingly setting the world agenda have a degree of post colonial resentment against the British."

McWilliams goes on to predict the British could find adapting to a world where economic, political and social decisions are made beyond the influence of British experience "traumatic". Others warn that as the UK economy shrinks it will be harder to sustain an investment-grade bond rating needed to attract the financing to grow.

But what seems most surprising is that anyone finds this surprising. The UK has, after all, extended its post-colonial relevance by riding the diplomatic and economic coat-tails of the US - a relationship that's offered British PMs the opportunity to walk the world stage, albeit as the junior partner. Now it may become harder to sustain the fantasy.

It's fairly clear which of Britain's superseding powers is going to be the most desirable place to live. Not Canada - too cold - but Brazil. One of the last in and first out of recession, Brazil is set to boom over the next decade as its consumer class grows from 50 to 80 million.

As the Economist points out, it has the world's largest freshwater supplies, the largest tropical forests, land so fertile that in some places farmers manage three harvests a year, and huge mineral and hydrocarbon wealth. Despite its history of setbacks, "the country is enjoying probably its best moment since a group of Portuguese sailors (looking for India) washed up on its shores in 1500."

A country that experienced inflation averaging 764 per cent in the early 1990s is now enjoying an unprecedented trifecta: democratic rule, economic growth and low inflation. It is self-sufficient in oil, and large new discoveries in 2007 are likely to make it a big oil exporter. By the middle of the century it is expected to become one of the world's six biggest economies. And, of course, it is Brazil - a place of fabulous optimism and color.

Porto Velho, Brazil (Reuters) - At an experimental government farm in the western Amazon's Rondonia state, researchers analyze grass seeds under microscopes, shake soil samples in test tubes, and measure the milk production of a new breed of cows. While high-profile police raids targeting illegal ranchers and loggers in the Amazon grab more headlines, these scientists may produce a more important solution in the long fight to save the greatest rainforest.

Their aim is to reduce the pressure for forest destruction by raising the productivity of pastures through fertilization, better choice of grass, and planting trees.

Brazil's ability to meet its ambitious 2020 target of cutting greenhouse gas emissions by 20 percent from 2005 levels depends largely on the ability of its agriculture sector, and particularly its huge cattle industry, to meet growing world demand without destroying more forest.

The cattle industry is the main culprit of deforestation, which accounts for around 75 percent of carbon emissions in Brazil, one of the top global emitters.

"Brazil's emissions targets hinge significantly on its cattle industry," said Paulo Barreto, senior researcher with Imazon, an environmental institute in the Amazon city Belem.

At stake is not only Brazil's role in climate change but also the competitiveness of its agriculture in a global market increasingly demanding eco-friendly products. Its beef exports account for \$5.3 billion each year. Major importers of Brazilian beef products include Russia, China, Iran and the United States, as well as Britain and Italy.

Environment group Greenpeace said in a June report that consumers around the world were unwittingly fueling destruction of the Amazon by buying hamburgers and shoes linked to illegal deforestation. That spurred a wave of pledges by big meat processors aimed at reducing deforestation by farmers who supply them.

"Our producers know if they try to expand their land, they won't have a market anymore. They'll have to use the area they have better," Agriculture Minister Reinhold Stephanes told Reuters.

Near the town of Ji-Parana in southern Rondonia, farmers on their own initiative have planted trees on pasture land, giving cattle and pasture shade from the scorching sun and introducing nitrogen into the ground through the trees' roots.

The richer pasture and healthier cattle will allow the cooperative to raise 5.2 animals per hectare, nearly triple its previous rate.

Brazil's 200 million head of cattle, more than a third of which is in the Amazon, occupy an area nearly three times the size of Texas, or on average 1 per hectare (2.47 acres).

"We have the land and technology today that allows us to expand cattle ranching without chopping down a single tree," said Luiz Carlos Balbino, senior Embrapa researcher.

He says Brazil can double or triple beef production without deforesting by boosting the productivity of existing pastures, recovering degraded grass lands, and developing as much as 50 million hectares (123.5 million acres) of unforested savanna.

From Forest Defenders to Criminals

But many ranchers are set in their ways and continue to slash and burn. Most were invited by the military government in the 1970s to populate the region to help defend the Amazon against alleged foreign designs on its natural resources. Back then they were told to deforest; now they're told to reforest, complains one of their leaders.

"We came as human shields and now they turn us into criminals. If a settler is caught chopping down trees to survive, he goes to prison without bail," said Francisco Ferreira Cabral, head of the Rondonia Agriculture Federation.

For decades ranchers and farmers have slashed and burned, consuming one-fifth of the world's largest rain forest.

Poor soil quality means ranchers and farmers often abandon the land after a few years to push deeper into the forest.

From above, Rondonia state looks more like the Irish countryside than the western Amazon. Green pasture land has replaced most of the jungle, and cows have taken the place of jaguars, giant anteaters and hundreds of other species once roaming the area. The number of cattle -- 11 million -- is nearly triple the human population.

"There is hardly any forest left in the state, only in parks and Indian reserves, and even that is threatened," said Cesar Luiz da Silva Guimaraes, head of the local office of the government environmental agency Ibama.

In June, police had to abandon attempts to pull 30,000 cows out of Bom Futuro national forest in Rondonia. Ranchers had made death threats, burned police cars and succeeded in pressuring the federal government to back off.

Some ranchers believe in conservation but don't have the know-how or financial resources to buy fertilizer, equipment or proper seeds to improve their business.

"It's not enough to give them technology, we need to give them the resources to apply it," said Ibama's Guimaraes. "If they don't have access to credit, it's cheaper to slash and burn. It costs you a box of matches."

Many farmers lack proper land titles, meaning they have no collateral to put up for a loan. While technology is available to increase output on existing land, it requires investments, infrastructure and a change in producer mentality.

That could take decades to apply -- time that the Amazon does not have. Although the deforestation rate has fallen to a 20-year low, helped by stepped-up police raids on illegal loggers and lower global demand for soy and beef, the 7,000 sq km (2,700 square miles) lost in the year to July still represents a major source of emissions. Scientists say it could lead to higher temperatures and less rain, risking a desertification process.

The government has set a goal to regenerate 8-9 million hectares (19.8-22.2 million acres) of degraded land in 10 years an area larger than Scotland. But a 2 billion reais (\$1.16 billion) line of credit it made available this year for that purpose -- the first ever -- has gone virtually untapped.

"We haven't found the way to make this attractive yet," Stephanes said, blaming red tape and high interest rates.

Doubts on 10-Year Target

Coinciding with the U.N. climate summit in Copenhagen this month, leading meat packers will launch a satellite tracking system that uses implanted microchips to identify cows, helping them to avoid buying cattle from illegally cleared land.

Most conservationists applaud the measure but say the deal requires independent monitoring and worry that it excludes slaughterhouses that account for as much 40 percent of the beef market.

Like attempts to control drug-trafficking, experts say, measures to reduce illegally-produced beef will only work when the underlying economic change. As long as it remains cheaper to chop down trees than boost output on existing pastures, ranchers will do so, they say.

"The cattle industry goes to wherever land is cheapest and that's the Amazon," said Egon Krakhecke, secretary for rural sustainable development in the Environment Ministry.

Brazil's agriculture minister remains confident that the cattle industry will do its part to help Brazil meet its 2020 carbon emissions target, as more ranchers see that environmental awareness makes good business sense as well.

"The long-term productivity gains far outweigh the initial investment -- we need to spread that message," said Stephanes.

"Brazil has shown before it can successfully apply technology -- 10 years is more than enough time for this," he said.

Yet scientists on the ground are less optimistic.

"Technology helps but isn't an aspirin you take to fix the problem. You need investments, logistics, a change in attitude -- we're talking a generation to change things," said Embrapa's Balbino.

A strong message caps 17 meetings with government and NGO representatives in three cities in Brazil during a recent press visit: Save the Amazon, and, at the same time, change your polluting lifestyle.

Unlike Indonesia, Brazil, the country with the largest expanse of rainforests in the world, is clear about rejecting carbon market mechanisms, where polluters with a lot of money - in the United States, for instance - can continue their high-carbon lifestyle or polluting practices by buying carbon credits to halt deforestation in the Amazon or Kalimantan.

While Greenpeace Brasil has a lot to say about government policies to save the Amazon, the organization backs this particular principle behind the government's national plan on climate change, launched by President Luiz Inacio Lula da Silva in Poznan, Poland, last year.



"We do support the government \*for distancing itself from market mechanisms\*," says Sargio Leitaó, policy director at Greenpeace Brasil in Sao Paulo.

He adds the REDD scheme to reduce emissions from deforestation and degradation is not necessarily attainable through market mechanisms.

To help finance a slowdown in deforestation in the Amazon, the Brazilian government has set up the Amazon Fund, a private fund aimed at raising money from governments and corporations. So far, it has secured an agreement with Norway, which will provide US\$1 billion over 70 years. As of this year, Norway has disbursed \$100 million towards the Amazon Fund.

The Brazilian Development Bank (BNDES) is financially managing the fund. S\*rgio Wergellin, head of the bank's newly established environmental department, says 80 percent of the fund will be dedicated to Brazil's Amazon, while the remaining 20 percent will go toward monitoring forests in other countries, like the Peruvian part of the Amazon.

"The Amazon Fund is complementary; we apply the \*additionality' principle," Wergellin says.

This means anyone who wants to help save the Amazon should do so in addition to shifting to low-carbon practices.

He adds the fund is allocated for financing projects "with good governance and with the correct aim".

The Amazon Fund committee has 24 members, nine from Amazonian states, nine from ministries, and six from NGOs.

Wergellin says proposals are weighed in a transparent manner. With the help of the fund, Brazil is aiming for an 80 percent reduction in its deforestation rate by 2020, based on the annual median of 19,500 square kilometers between 1996 and 2005.

Nevertheless, questions still arise over what kind of projects will get financial backing from the fund.

"We proposed a project \*to the BNDES\* to find out how the system works inside," says Osvaldo Stella Martins from the Amazon Environmental Research Institute (IPAM).

When the IPAM team submitted their proposal, they learned the BNDES did not have the expertise to analyze proposals, Martins adds.

The IPAM has proposed an increase in the productivity of 350 small-scale farmers who have less than 100 hectares of land in the Amazon. By doing so, the farmers are expected to generate maximum yields in one area, thus preventing them from clearing more forests.

Another kind of program that would give poor people living in the Amazon an economic alternative is developing perennial crops such as cacao or a\*\*i, a fruit tree found in the forest. The Peabiru Institute in Bel\*m, for instance, helps 500 poor families in different areas collect, package and market wild honey from the Amazon.

Such small enterprises can be an alternative to opening forests for pasture. It is common knowledge in Brazil that 70 percent of the deforestation in the Amazon is due to pastures or cattle ranching. At present, Brazil is the world's biggest exporter of meat, with 26 percent of the global market share, followed by Australia with 20 percent.

Cattle ranching in Brazil, however, takes up more than it needs, many critics say. The national average for the number of cattle per land area is one per hectare per year.

"The question is how to increase productivity instead of opening new areas," says Paulo Baretto, a senior researcher at the Amazon Institute of People and the Environment (Imazon).

He adds soybean plantations also account for a large amount of deforestation, especially in the state of Mato Grosso.

Besides increasing productivity, campaigns to reduce demand, both domestic and international, could also help prevent deforestation.

Greenpeace's call for a soybean moratorium, for instance, has succeeded in gaining commitment from five big companies to stop buying soybeans from deforested Amazonian land.

"Greenpeace campaigners, wearing chicken costumes, chained themselves to McDonald's restaurant tills, saying \*You buy chickens fed from soybeans produced on the deforested Amazon'," says campaigner Kiko Brito.

The same can be applied to beef consumption. Decreasing demand for beef would eventually reduce human pressure on the Amazon, activists say.

Many environmentalists advocate a vegetarian diet to reflect greater responsibility for the Earth. Some also endorse selective buying; if one really needs beef, buy some that was produced in a responsible manner. In a nutshell, everyone on Earth should bear responsibility for mitigating the impacts of climate change.

Leitao says although he does not reject grants coming from abroad for the Amazon Fund, Brazil should bear the brunt of the financial costs. He adds Brazil's internal budget should be enough to save the rich rainforest.

"Money from abroad should be an extra," he says.

Copenhagen, Dec 9 (IPS/TerraViva) - Being the world's largest producer and exporter of ethanol it is natural for the Brazilian government and its partners to push bio fuels as the only real alternative for a world trying wean itself away from fossil fuels that contribute to global warming.

Brazilian authorities were ready with their arguments at the United Nations climate change summit underway here. Over the past 30 years, since the country embarked on its ethanol program, an estimated 800 million tons of carbon dioxide emissions have been avoided.

Brazilian delegates were at pains to show that not only is bio fuel production the best way to reduce greenhouse gas (GhG) emissions but can also combat poverty as exemplified by the country's scheme to promote micro-distilleries to provide additional income for rural families.

Bio fuels have, however, come under serious attack in recent years for eating into farmlands meant for food production. As a result, the European Union backed out, last year, from a commitment to introduce a 10 percent mandatory quota of bio fuels in all transportation by 2020.

In Brazil itself environmentalists have pointed to bio fuel production as one of the key reasons for the steady deforestation of the Amazon basin.

Countering such criticism Jose Migues from the Brazilian ministry of science and technology said: "We were told that bio fuels lead to deforestation in the Amazon, but the ethanol production areas are 3,000 km away from the Amazon."

Migues referred to Indirect Land Use Change (ILUC), a phrase describing the effects of bio fuel production, which pushes human activities towards the Amazonian forests. In the

Sao Paulo area, where most ethanol production is concentrated, there has been a significant decrease in cattle raising and agricultural production.

"But is it fair to say that all of these activities are now moving to the Amazon?" asked Thelma Krug, another representative of the ministry. "There is much room for making agriculture and cattle raising more efficient in Brazil."

While the question of where Sao Paulo's farmers moved remained unanswered in Copenhagen, the planned expansion of the ethanol industry threatens further displacement. Over six million hectares are under sugar cane in Brazil but Krug said there were plans to make "64 million ha available for expanding sugar cane production." Krug said the government is working on using satellite imagery to monitor the loss of forest cover and keep deforestation under check. A representative of Nature Conservancy a Brazilian non-governmental organisation (NGO) spoke of the thoroughness of forest protection laws.

As for food security issues linked to biofuel production, Andre Correa do Lago, director general of the energy department in the ministry of foreign affairs, stopped short of an outright denial that biofuels were to blame for the 2008 rise in food prices.

"Food security is one of the main concerns of our government," he said. "Biofuels, like any other human endeavour, can be done in a better way. So we should not use the worst case as a general reference point."

Legislation is under consideration to prevent biomass burning, which is responsible for large amounts of GhG emissions.

Much of the waste, especially bagasse, is replacing polluting nitrogenous fertilisers and the production process streamlined with nine units of energy being produced from bagasse against every unit from fossil energy.

While admitting that "biofuels are no silver bullet," Brazilian authorities insist that biofuels are the best way forward for developing countries.

Brazil may surpass the goal of reducing Amazon deforestation by 80% by 2020 and reach a 90% reduction, said this Tuesday, December 8, Brazil's Environment Minister, Carlos Minc, while presenting the National Program for Reduction and Replacement of Fire in Rural and Forest Areas (Pronafogo)

According to the minister, new resources from the Amazon Fund, the sanction of the Climate Change Fund, and the resources that will be brought by the REDD, the United Nations Collaborative Program on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries, among other actions, may allow Brazil to exceed the 80% target.

"I think we can reach 90% reduction in deforestation over the same period. To do this, integration work, prevention and planning in fighting fires are essential. Because deforestation and fires account for 18% of all CO2 emissions in the world, but in Brazil they represent more than 60%," he said.

The minister also said that the Pronafogo may be an important mechanism for Brazil to reach the goal of reducing greenhouse gases proposed for Brazil. "This plan will reduce fire and burning in Brazil. It is the beginning of our work to reach the goals Brazil has announced to the world," Minc stated.

He also said Pronafogo will integrate actions of various organs such as the Chico Mendes Institute, the Brazilian Institute of Environment and Renewable Natural Resources (IBAMA), Fire Department and Civil Defense.

"This will be systematized throughout Brazil. Prevention, integration and planning means to optimize the human and material resources in order to greatly reduce the fires that harm the climate and biodiversity," he added.

According to the ministry, the program's goal is to reduce between 2009 and 2010 by up to 25% the burned area, especially in regions where there are protected areas. By 2013, the intention is to reduce by 75% the burned area.

The plan also includes the hiring by 2013 of 2,572 brigades in 92 municipalities that have no military units to fight fire. There will also be acquired by 2013 equipment such as boats, aircraft and vehicles not only for teams of volunteers but also for teams of firefighters working in regions where there is fire.

Two Brazilian officials accompanying President Luiz Inacio Lula da Silva on a trip to Germany have been diagnosed with swine flu.

Brazil's official Agencia Brasil news agency says the presidential security guard and an air force official will not leave Germany with Silva as he heads home after visiting Berlin and Hamburg.

The two unnamed officials were in Portugal with Silva earlier this week when he attended the Iberoamerican summit. Silva then traveled to the Ukraine. The infected officials had high fevers after arriving in Hamburg Thursday night ahead of Silva's visit on Friday.

Agencia Brasil says they are being treated by a German doctor and are expected to recover.

### **Detailed Report/Mexico**

Ottawa, Ontario -- (Marketwire) -- 12/04/09 -- On the occasion of State visits to the United Mexican States, the Republic of Guatemala and the Republic of Costa Rica, Their Excellencies the Right Honourable Michaëlle Jean, Governor General of Canada, and Mr. Jean-Daniel Lafond will be accompanied by nine Canadian delegates who will play an active role in meetings with Mexican, Guatemalan and Costa Rican civil society. Engaged in the fields of diversity, arts and culture, civic engagement and youth, the delegates will share their experiences and knowledge with their Mexican, Guatemalan and Costa Rican counterparts.

Mexico City, Dec 5 (Reuters) - Mexico closed its three main oil ports on Saturday as a cold front in the Gulf of Mexico brought high winds and waves, the government said. Mexico, a major oil supplier to the United States, shut the Dos Bocas, Cayo Arcas and Coatzacoalcos oil export terminals in the Gulf, the communications and transport ministry said in a statement.

Weather-related port closures are common for Mexico's Gulf coast ports, but long shutdowns can force state oil company Pemex PEMX.UL to cut output as it has limited onshore storage capacity.

Mexico City, Dec 6 (Reuters) - Mexico reopened two of its main oil ports on Sunday, but a cold front in the Gulf of Mexico kept a third closed for a second day, the government said.

Mexico, a major oil supplier to the United States, reopened the Cayo Arcas and Coatzacoalcos oil export terminals in the Gulf, but Dos Bocas remained shut, the communications and transport ministry said in a statement.

All ports were shut on Saturday.

Weather-related port closures are common for Mexico's Gulf- coast ports, but long shutdowns can force state oil company Pemex PEMX.UL to cut output as it has limited onshore storage capacity.

The warning alerts Americans living in or traveling to Mexico of seasonal crime along toll roads in Sonora and Sinaloa, and specifically warns that they could be robbed at gunpoint for money, jewelry, and other valuables.

While these crimes can happen anytime during the year, the consulate warns of seasonal peaks such as the period between late November and mid-January, as well as the period between mid-March and mid-April.

The consulate warns of a common scenario at night or during the pre-dawn hours involving two vehicles, where a car or truck with lights resembling those of a police car pulls up behind the victim's car and motions the driver to pull over to the side or to a side road, where the robbers' second vehicle is waiting.

The robbers then tell the victims at gunpoint to get out of the car; one of the thieves guards the victims while the other remove the victims' valuables from the car.

In most cases, the thieves tell the victims to wait for a period of time before trying to leave, ordering them not to speak to authorities about the incident.

The thieves, according to the consulate, usually leave the keys for the victims' car in a conspicuous location before leaving themselves.

The consulate does not believe that the criminals are targeting American cars or citizens, but strongly advises driving only during the daytime.

In addition, the consulate asks to be informed of any crimes of this type, and asks people to report these crimes to police.

Persons can contact the U.S. Consulate General in Hermosillo by calling 662 289 3500 during the daytime or cell phone number 662 256 0741 after hours.

The consulate is located at Monterrey 141 Poniente, Col. Esqueda, Hermosillo, Sonora, Mexico.

Three men with links to a Canadian mining company have been charged in the killing of a Mexican activist, threatening already strained relations between the countries on the eve of a visit to the same region by Governor-General Michaëlle Jean.

A spokesman for Calgary-based Blackfire Exploration Ltd. confirmed that an employee, a former employee and a one-time company contractor were arrested in the Nov. 27 murder of Mariano Abarca Robledo, who had led local opposition against Blackfire's barite mine in Chicomuselo, Chiapas.

Ms. Jean is preparing to travel to Chiapas Tuesday for a dinner with the state's governor. Tensions are already high between the two countries over visa restrictions placed on Mexican visitors by the Canadian government in July.

The arrests come at a critical time for Canada's relations with a key trading partner, as well as the reputation of Canada's mining industry abroad.

Canada's miners are lobbying against a private member's bill that would impose sanctions on resource companies found to have committed human rights and environmental abuses in other countries. The government, including Peter Kent, the junior foreign minister for the Americas who is accompanying the Governor-General in Mexico, voted against Bill C-300 during its second reading in April.

The slain activist, Mr. Abarca, was a leader in an organization called Mexican Network of People Affected by Mining (REMA), which had publicly protested Blackfire's mine

and made allegations that the operation was damaging the environment and contaminating a nearby river. He was gunned down in a drive-by shooting outside his home by a motorcyclist.

Caralampio Lopez Vazquez, who currently works as an operator and a shift supervisor at the mine, is among the three men facing charges in the killing.

“One of them is currently an employee and we are working with authorities to see how things will proceed,” Blackfire spokesman Alonso Cedeno said in a telephone interview from Chiapas.

Mr. Cedeno said the company is offering full co-operation to the police and had no involvement in the crime or the reported threats made against Mr. Abarca before his death.

Hearings into Bill C-300 have put a spotlight on the conduct of Canadian mining companies operating overseas and led to sensational allegations – of physical violence and environmental devastation – against some of the country's largest mining firms.

The Blackfire miner's arrest is sure to provide fodder for those who believe that Canadian mining firms operating in developing countries need more regulations.

“I expect some people will exploit this for their own purposes,” said Robert Wisner, a lawyer with McMillan LLP, who testified against the bill on behalf of the mining industry.

“The fact that the Mexican authorities have acted proves that Mexico can enforce its own laws,” he added.

There are well over 230 Canadian mining companies active in Mexico. About 200 are involved in exploration, and about 40 are running mines that are producing gold, silver, lead and other minerals including barite, which is used in oil and gas exploration.

Protests over the shooting death of Mr. Abarca were already expected to greet the Governor-General, but she now faces increased rancour with the criminal allegations involving a mine employee.

Ms. Jean, accompanied by Mr. Kent, is to arrive in Tuxtla Gutiérrez Tuesday for a dinner with Chiapas Governor Juan José Sabines.

Tomorrow, she will visit the city of San Cristobal de Las Casas, a forest-encircled Chiapas city where the official program includes a dramatic presentation based on the themes of indigenous rights, cultural survival, and ecology – before a meeting about Canadian-funded aid programs in the region.

The Governor-General's spokesman, Marie-Eve Letourneau, said there were no plans to change Ms. Jean's trip.

A spokesman for the Mexican embassy in Ottawa, Alberto Lozano, said he had no details other than those released by state authorities.

“We are aware of the crime. We regret the death of Mr. Mariano Abarca Robledo. The case is under investigation by local authorities in the state of Chiapas,” Mr. Lozano said.

There have been tensions between Mexico and Canada since Ottawa slapped visa requirements on Mexican visitors in July, arguing that too many were claiming refugee status after they arrived here.

One Mexican Senator, Rosario Green Macias, called the process “humiliating,” saying the process she had to endure – bringing a half-dozen bank statements, proof she owned property and a letter from the Senate confirming her position – went too far.

During a visit to Mexico in August, Prime Minister Stephen Harper blamed the visa flap on Canada's dysfunctional refugee system. The Governor-General and Mr. Kent were supposed to be trying to renew the friendship between the two nations on this trip.

Mr. Kent's spokesman, said in an e-mail from Mexico last night that the two countries have a "broad" relationship, and the trip has been "extremely positive thus far."

"There will be no changes to our itinerary and we look forward to a busy few days here before advancing to Guatemala," she said. "We are aware of the situation in Chiapas and were saddened to hear of the death of Mr. Abarca. We understand that there is an ongoing Mexican investigation and not much more can be said at this point."

Blackfire is a privately held company that, in addition to operating the barite mine in Mexico, is also developing mining projects in British Columbia. Officials at the company's headquarters in Calgary directed all enquiries to the company's spokesman in Mexico.

Washington - Since President Barack Obama took office nearly a year ago, the United States and Mexico have raised their cooperation on border security and drug trafficking to an unprecedented level, officials and border watchers say.

The U.S. has signed three agreements with Mexico, including two on Monday, to boost safety and security at the border. The U.S. also has begun sending high-tech equipment to Mexican officials to use at border checkpoints. Top U.S. officials - including Obama, Secretary of State Hillary Clinton and Homeland Security Secretary Janet Napolitano - also have met with their counterparts in Mexico.

The agreements appear to be a way to spell out the shared responsibility that Obama has emphasized in his visits to Mexico, said Rick Van Schoik, director of the North American Center for Trans border Studies at Arizona State University.

"These agreements articulate what we mean by that shared responsibility and what we both need to do to put that philosophy into practice," he said.

Since Mexican President Felipe Calderón declared a war on drugs in 2006, more than 13,000 people have been killed in Mexico. Drug-related crimes are spilling across the border into the U.S., including Arizona.

"The complexity and deep-seated nature of the problems, including corruption in Mexico, mean that this is going to be difficult work," Van Schoik said. "It's going to be awhile before we can really judge progress."

U.S. and Mexican officials signed an agreement Monday to create Bi-National Port Security Committees that will decide how improved police efforts will be carried out at ports of entry in each country. They also will work to improve communication between ports and port directors in an effort to deter violence near the border.

The agreement, signed by Napolitano and Agustin Carstens, Mexico's secretary of finance and public credit, was the finalization of a preliminary agreement reached in June. That agreement called in part for increased inspections of vehicles heading south into Mexico to check for drug money and smuggled weapons.

"Secretary Carstens and I will continue to work together to coordinate efforts to crack down on violent drug cartels along the Southwest border while facilitating the flow of legitimate travel and trade," Napolitano said regarding what she described as a historic level of cooperation.

Carstens said the agreement will help provide training and technology to increase the professionalism of Mexico's border patrol and customs officers.

Mexico recently purged all its customs inspectors and replaced them with new recruits to crack down on corruption.

Earlier this year, the United States gave Mexico 30 ion scanners and five X-ray vans, some of which are being used at the border to check for drugs and weapons.

"Today's world demands from us a more intelligent and coordinated way to protect our borders and facilitate trade," Carstens said.

Napolitano said the agreement reinforces the importance of the Bilateral Strategic Plan signed separately Monday by U.S. and Mexican customs officials. That plan establishes an executive steering committee made up of officials from both governments to review joint security and economic initiatives.

ASU's Van Schoik said the level of cooperation so far has been impressive.

"When you consider that, in a little under 11 months, the administration has been able to conduct as many high-level meetings and sign as many agreements as they have, and move toward actually carrying out those agreements, it has been unprecedented in the 10 to 15 years that I've been a border-watcher," he said.

Ottawa — Gov. Gen. Michaëlle Jean will meet with Mexican President Felipe Calderon today on the first full day of a visit to Mexico.

A spokesperson for Jean says the two leaders will talk about bilateral relations as well as Canada's engagements in the region, security, and economic co-operation.

Jean will be visiting a hotbed of controversy involving Canadian companies on Tuesday when she stops in the southern state of Chiapas.

Residents are angry with Canadian mining companies who they say have caused environmental damage with their activities in the oil rich region.

Tensions boiled over recently when an anti-mining activist critical of Canadian companies was gunned down in a drive-by shooting, which has resulted in no arrests.

Last week a demonstration was held in front of Canada's embassy in Mexico City over the shooting as well as the activities of Canadian mining companies.

Jean will also visit Guatemala and Costa Rica later in the week.

Mexico City, Dec. 8 (Xinhua) -- Mexican President Felipe Calderon said on Tuesday that the government will not cut back on its fight against organized crime, which media report said had caused 7,000 deaths this year.

"Without firm resolve by the society and the government, there will be no solution to the problem of abusive organized crime," Calderon said at a ceremony to award prize to Enrique Morones Careaga, who fights for the rights of Mexicans living in the nation's northern neighbor the United States.

The El Universal newspaper said on Tuesday that Mexico now suffers an average of 21.3 drug-linked murders every day and a total of 15,507 persons have been killed since December 2006 by organized crime.

Only one of Mexico's 32 states, Yucatan, had not reported any murders linked to drug trafficking this year, said the newspaper.

Calderon has made it a priority to fight against organized crime, sending troops and federal police to the nation's most violent areas, including Ciudad Juarez in the northern Mexican state of Chihuahua, where some 3,000 people were murdered this year.

New York, Dec 8 (Reuters) - Mexico has hedged 230 million barrels of oil exports for 2010 in an effort to provide stability for the federal budget, Finance Minister Agustin Carstens.



The volume hedged represents nearly all of Mexico's anticipated net oil exports, according to Reuters calculations.

Carstens said part of the hedge was locked in at \$57 a barrel. A statement released by the government said the hedge used a put option strategy, which guarantees Mexico a base price but does not lock it into selling its oil at the hedged price level.

Turkish Prime Minister Recep Tayyip Erdoğan arrived in Mexico on Tuesday after completing his talks in Washington D.C., the United States.

Turkish State Minister and Chief EU Negotiator Egemen Bağış, Foreign Minister Ahmet Davutoğlu, and Housing and Public Works Minister Mustafa Demir are accompanying Erdoğan during his visit to Mexico.

Erdoğan will begin his talks in Mexico on Wednesday. He will meet with President Felipe Calderon at the presidential palace. Erdoğan and Calderon will appear in a news conference after their meeting.

Erdoğan will also visit an Ottoman colonial watchtower in Mexico City. He will later deliver a speech at the Mexican Foreign Ministry Diplomacy Academy.

In Mexico, thousands of people have died in drug-related violence in the past three years as the government has ramped up its war on drug cartels. But is the United States to blame for Mexico's drug woes?

Some argue that the United States bears responsibility because of its market for illegal drugs, along with the flow of guns south of the border. Others blame Mexico's government, saying it permitted a culture of corruption to flourish and resisted U.S. help for decades.

A panel of experts recently faced off on the topic in an Oxford-style debate. Part of the Intelligence Squared U.S. series, the debate featured three experts arguing for the motion "America Is To Blame For Mexico's Drug War" and three arguing against.

In a vote before the debate, the audience at New York University's Skirball Center for the Performing Arts voted 43 percent in favor of the motion and 22 percent against; 35 percent were undecided. After the debate, 72 percent agreed that "America Is To Blame For Mexico's Drug War," while 22 percent remained against and 6 percent were still undecided.

The moderator for the Dec. 1 debate was John Donvan, correspondent for ABC News' Nightline. Those debating were:

For The Motion

Andres Martinez directs the New America Foundation's Bernard L. Schwartz Fellows Program. He was the editorial page editor of the Los Angeles Times from 2004 to 2007 and presided over the newspaper's op-ed page and Sunday opinion section. Martinez previously served as assistant editorial page editor at The New York Times and was a member of its editorial board. He was a 2004 Pulitzer Prize finalist and is the author of *24/7: Living It Up and Doubling Down in the New Las Vegas* (1999). He is a native of Mexico.

Jeffrey A. Miron is senior lecturer and director of undergraduate studies in the economics department at Harvard University. Miron holds a doctorate in economics from the Massachusetts Institute of Technology. He has published more than 25 articles in peer-reviewed journals and 50 op-eds in *The Boston Globe*, *nytimes.com*, *CNN.com* and other outlets. Miron's commentary on economic policy has appeared on CNN, PBS and Fox television, BBC radio and other media around the world.

Fareed Zakaria is editor of Newsweek International, overseeing all of Newsweek's editions abroad. He writes a column for Newsweek, which also appears in The Washington Post. Additionally, he hosts Fareed Zakaria GPS on CNN, which airs worldwide. From 1992 to 2000, he was managing editor of Foreign Affairs, a journal of international politics and economics. He is the author of several books, including The Post-American World (2008).

#### Against The Motion

Jorge Castaneda was foreign minister of Mexico from 2000 to 2003. He taught at Mexico's National Autonomous University from 1978 to 2004; at Princeton University; and at the University of California, Berkeley. In 1997, he was appointed Global Distinguished Professor of Political Science and Latin American Studies at New York University. He is the author of several books, including Ex Mex: From Migrants to Immigrants (2008).

Chris W. Cox is the executive director of the NRA Institute for Legislative Action, the lobbying arm of the National Rifle Association of America. Cox oversees seven ILA divisions, including federal affairs. Prior to joining the NRA, he served as a legislative aide for a member of Congress, managing judiciary issues, including criminal justice reforms and firearms-related matters.

Asa Hutchinson was elected three times to Congress and was confirmed by the Senate both as administrator of the Drug Enforcement Administration and as the nation's first undersecretary for the Department of Homeland Security after the Sept. 11 attacks. Hutchinson was also appointed by President Ronald Reagan as the nation's youngest U.S. attorney at the age of 31. He now practices law in Arkansas and is CEO of Hutchinson Group, a homeland security consulting firm.

Mexico City -- The subway here is a real deal, the cheapest in the world, at 15 cents a ride. But those days could soon be over as the city government plans to increase fares by 50 percent -- to 3 pesos, or about 23 cents a ticket.

"A peso is a peso, so naturally some people will complain," said Gabriel Zapata, a young troubadour who spends the afternoon rush hour riding Line 3, plinking out Beatles tunes on his amplified guitar in the aisles of the rubber-wheeled trains in the hopes of garnering tips from a few of the 4 million daily riders.

These are still hard times for Mexico, where many residents are fixated on economic news from the United States, because any turnaround here will probably have to wait until Uncle Sam, their No. 1 trading partner, gets back on his feet.

Many of the parts that go into automobiles assembled in the United States come from Mexico. Automotive exports here dropped 40 percent this year. Tourism, the second-leading source of the country's foreign earnings (most tourists come from the United States), was hammered by the swine flu outbreak in the spring. The drug war, though it has largely steered clear of the tourist hot spots, still generates the kind of gruesome headlines that keep visitors away.

The Mexico City subway, with 1.4 billion riders a year (the fifth-most used in the world), is not the only operation struggling to make ends meet. The National Union of Millers is threatening to increase the price of tortillas -- to 10 pesos, or 79 cents, a kilogram. Similar increases in the past caused mass protests. Water and electricity rates are going up in the city as it struggles from the effects of a punishing drought and a failed state utility that was taken over by the government this year.

"If measures of both austerity in spending and investment in infrastructure are not taken quickly, Mexico's recession will drag on," said Mexico City Mayor Marcelo Ebrard in announcing plans for the subway fare increase.

To add to the pain, remittances from Mexicans working abroad, most of them in the United States, recorded their steepest drop in October, as expatriate workers had less money to send home to families. The central bank of Mexico reported that money transfers fell 36 percent to about \$1.7 billion in October compared with about \$2.6 billion in the same month last year.

"This is the worst year I can remember," said Ángel Murillo, a newspaper vendor outside the Indios Verdes subway stop. "People just don't want to buy anything."

In the still-developing country, where almost half the population lives below the poverty line, a little goes a long way. The minimum wage in Mexico is 55 pesos, or about \$4 a day. Many poor people work in the informal economy, selling food and goods in makeshift stalls, at traffic lights and door-to-door. The Ministry of Labor and Employment reported last week that the number of workers in the informal sector has exploded in the capital to about 1.05 million people because of the weak economy. Overall, the official unemployment rate grew to 6.5 percent in October.

None of this is helping President Felipe Calderón as he marks the halfway point of a six-year term. This week, a poll published by the Reforma newspaper put his approval rating at its lowest level since he took office three years ago. Fifty-two percent of those surveyed thought Calderón was doing a good job, a 16-point plunge from three months ago.

Analysts attribute Calderón's drop in popularity to the economy, citing in particular his push for higher taxes. Congress approved an increase in the value-added tax by one percentage point, to 16 percent, which would raise the cost of many everyday goods and services, including imports.

Calderón appears to have been pushed into a corner by the brutal drop in oil prices and failing crude production. Revenue from the state-owned Pemex oil company makes up 40 percent of the national budget. The falling oil revenue prompted a downgrade in Mexico's foreign debt rating to BBB, the second-lowest investment grade.

The problems at Pemex also pushed Calderón to replace its director general with a financial whiz and graduate of the University of Chicago named Juan José Suárez Coppel.

In an interview, Suárez said Pemex, with all its resources, "should be spewing out a lot of cash, and we are not." With new laws approved by Congress that give the company more flexibility, he vowed to change Pemex's lax culture and low profitability.

Economists predict that the Mexican economy will contract 7 percent this year. But better days are forecast for next year, when analysts say growth could return to 2.5 to 3.5 percent or better -- depending, of course, on how the U.S. recovery fares.

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